CHARLOTTESVILLE AFFORDABLE HOUSING PLAN

February 2021 FINAL DRAFT

HR&A Analyze. Advise. Act.

Hold for opening letter from Charlottesville City Council or Mayor

Background

The City of Charlottesville is undertaking a process, which began in 2020, to establish a deep commitment to equity and inclusion. This undertaking, named **Cville Plans Together**, entails three separate but related efforts: a comprehensive plan update, an affordable housing plan, and a zoning code rewrite. To advance this work, the City is working with a team of consultants led by Rhodeside & Harwell, Inc. (RHI), with HR&A Advisors, Brick & Story, and Code Studio.

Within this process, the **Charlottesville Affordable Housing Plan** was a year-long effort conducted in four phases: review of existing conditions, discussion of community goals and priorities, development of strategies and tools, and the completion of a final plan. The resulting document, the present Affordable Housing Plan, contains immediate, short-term, and longer-term recommendations to advance affordable housing. The Plan is ultimately a living document to be used by City staff, housing policy advisors, and elected leadership to guide affordable housing policies and investments over the coming years. In the near term, in winter and spring 2021, the recommendations in this plan will be incorporated in revisions to the Comprehensive Plan and inform the City's zoning code rewrite.

The recommendations in the Affordable Housing Plan will be incorporated into the Comprehensive Plan in several ways:

- The vision for affordable housing, as shown in the Executive Summary of the Affordable Housing Plan, was used in revising the vision statement for the Housing Chapter of the Comprehensive Plan;
- Recommendation statements, as shown in the Executive Summary and later in the document, will be incorporated into the appropriate chapters of the Comprehensive Plan as goals and strategies;
- Timeframe and action steps for recommendations from the Affordable Housing Plan will be utilized in the Implementation Chapter of the Comprehensive Plan and will be considered in the development of the updated zoning process; and
- The Affordable Housing Plan will be included as a reference document for the Comprehensive Plan.

Acknowledgements

The Charlottesville Affordable Housing Plan is the result of a joint effort between the City of Charlottesville and various local stakeholders. We would like to thank the many community members, housing service providers, elected leaders, City staff members, Steering Committee members, and others who were instrumental to this process through their generosity in providing feedback and insights.

Cville Plans Together Steering Committee

Navarre Bartz
Bike/Pedestrian Committee

Shantell Bingham
Food Justice Network

Chip Boyles*
Thomas Jefferson Planning District Commission (TJPDC)

Brandon Collins
Public Housing Association of Residents (PHAR)

Diane Marie Dale
Neighborhood Leaders Group

Ashley Davies
Charlottesville Area Development Roundtable (CADRe)

Emily Dreyfus
Charlottesville Low-Income Housing Coalition (CLIHC)

Elizabeth Emrey
Interfaith Movement Promoting Action by Congregations Together (IMPACT)

Jodie Filardo
Albemarle County Community Development Department (CDD)

S. Lisa Herndon
Housing Advisory Committee (HAC)

Heather Hill
City Council

Jennifer Jacobs*
Housing Advisory Committee (HAC)

Christian Johnson
Community Member

Joy Johnson
Charlottesville Redevelopment and Housing Authority (CRHA)

Brenda Kelley
City of Charlottesville

Peter Krebs
Piedmont Environmental Council

Jody Lahendro
Planning Commission

Rachel Lloyd*
PLACE Design Task Force

Jacquana Mason
Community Member

Sunshine Mathon
Housing Advisory Committee (HAC)

Audrey Oliver
Community Member

Tim Padalino
Tree Commission

Susan Payne
Downtown Business Association

Michael Payne
City Council

Alice Raucher
University of Virginia

Caitlin Reinhard
International Rescue Committee (IRC)

John Sales
Charlottesville Redevelopment and Housing Authority (CRHA)

Carl Schwarz
Board of Architectural Review

Lena Seville
PLACE Design Task Force

Lyle Solla-Yates
Planning Commission

Annie Stup
Charlottesville Low-Income Housing Coalition (CLIHC)

Sean Tubbs*
Piedmont Environmental Council

*Formerly on the Cville Plans Together Steering Committee

Acknowledgements

City Leadership
Nikuyah Walker
Council Member, Mayor

Sena Magill
Council Member, Vice Mayor

Heather Hill
Council Member

Michael Payne
Council Member

Lloyd Snook
Council Member

City Staff
John Blair
Acting City Manager

Alex Ikefuna
Director, Neighborhood Development Services

Missy Creasy
Assistant Director, Neighborhood Development Services

Lisa Richardson
Acting City Attorney

Brenda Kelley
Redevelopment Manager

Ryan Davidson
Senior Budget Management Analyst

Krisy Hammill
Senior Budget and Management Analyst

Matt Alfele
Neighborhood Development Services

Read Brodhead
Neighborhood Development Services

Craig Fabio
Neighborhood Development Services

Brian Haluska
Neighborhood Development Services

Carrie Rainey
Neighborhood Development Services

Joey Winter
Neighborhood Development Services

Other Stakeholders
Kathleen Glen-Matthews
Charlottesville Redevelopment and Housing Authority

Rachel Hobbs
University of Virginia Office of Economic Development

Christine Jacobs
Thomas Jefferson Planning District Commission

Pace Lochte
University of Virginia Office of Economic Development

Kristen Lucas
Piedmont Housing Alliance

Elain Poon
Legal Aid Justice Center

David Norris
Charlottesville Redevelopment and Housing Authority

Dan Rosenweig
Habitat for Humanity

Ridge Schuyler
Network2Work/CWI

Groups and Coalitions
City of Charlottesville Planning Commission

Housing Advisory Committee (HAC)

Charlottesville Low-Income Housing Coalition (CLIHC)

Charlottesville Area Development Roundtable (CADRe)

Thomas Jefferson Planning District Commission (TJPDC)

Charlottesville-Albemarle Affordable Housing Coalition (CAAHC)

Table of Contents

Executive Summary 7

Introduction 21

Housing Challenges 35

Funding 46

Governance 60

Land Use 76

Tenants' Rights 97

Subsidy 109

Appendix 151

Glossary
Area Median Incomes and Affordable Rents
The Urban Ring
Low –Income Housing Tax Credits (LIHTC) Development
Public Comments

Executive Summary

FINAL DRAFT

Executive Summary | Plan Overview

Like many cities around the country, **Charlottesville is in an affordable housing crisis**. Though the City has made significant and repeated investments in developing and preserving affordable housing, Charlottesville still faces a sizable affordable housing gap. At the same time, historical patterns of segregation persist throughout the City, and continue to contribute to racial disparities in income and opportunity.

The Charlottesville Affordable Housing Plan builds on past work done by the City and its partners, including a 2018 Housing Needs Assessment, to identify **a framework to guide affordable housing policy and investments to increase the impacts of the City's policies and programs, remove barriers to access, and advance racial equity in housing in Charlottesville.**

VISION

The City of Charlottesville will achieve a local housing market that is healthy, high quality, affordable, and above all, equitable.

GUIDING PRINCIPLES

Racial Equity

Regional Collaboration

Comprehensive Approach

Executive Summary | Major Initiatives

The City of Charlottesville has made affordable housing a top priority in recent years. It has dedicated a level of public funding and supported a portfolio of housing tools typical of a much larger city. The Charlottesville Affordable Housing Plan is intended to sustain Charlottesville's commitment to affordable housing while increasing the impact of the City's activities. Though there are many tools and recommendations included within this Plan, there are **three major initiatives that together would represent a significant commitment to supporting racial equity in affordable housing in Charlottesville.**

Dedicate $10M Annually To Affordable Housing

The Charlottesville Affordable Housing Plan recommends that the City make a total commitment of $10M annually for affordable housing programs for the next ten years. This commitment sustains the City's substantial recent investments in affordable housing and will the City to identify new funding sources. The recommended $10M would include funding for both (1) development and preservation of affordable housing and (2) programs that serve residents directly, including property tax relief and emergency rental assistance. Setting a consistent level of funding will allow the City and nonprofit partners to plan and build capacity to implement affordable housing measures. A commitment of $10M annually would double the City's supply of permanently affordable housing, while stabilizing an additional 2,000 owner and renter households directly.

Build Inclusive Governance at All Levels

The Charlottesville Affordable Housing Plan makes several recommendations to bring diverse voices from the community into the decision-making structure of the City and partners it funds. This includes both Black, Indigenous, and People of Color (BIPOC) housing professionals and community members, as well as people who benefit from affordable housing assistance. To support this move toward equitable governance, the City should fund training and support the creation of onboarding materials to ensure members of public and nonprofit boards are equipped to shape affordable housing policy and can be supported as they participate in priority-setting conversations.

Adopt Progressive and Inclusionary Zoning Reforms

Single-family zoning, which is prevalent in Charlottesville, has historically been a tool to create and reinforce racial segregation in Charlottesville and nationwide and has restricted the development of housing, contributing to rising housing costs. The Land Use chapter of the Charlottesville Affordable Housing Plan outlines recommendations to address the legacy of exclusionary zoning and constrained housing supply in Charlottesville. The Comprehensive Plan Update and Zoning Code Rewrite will build on these recommendations.

Executive Summary | Guiding Principles

The recommendations within the Charlottesville Affordable Housing Plan are built with three guiding principles in mind: **racial equity, regional collaboration, and a focus on a comprehensive approach**. These guiding principles inform the design and implementation of recommended strategies and will enable the City to track the impacts of its affordable housing activities. Aligning the City's affordable housing policies, programs, and investments with these guiding principles will help the City to more effectively address the affordable housing needs of its residents and workers.

Racial Equity	Housing policies and programs and decision-making processes must be intentionally designed to overcome the City's history of racial segregation and its ongoing inequities.
Regional Collaboration	Charlottesville must collaborate with Albemarle County and other regional jurisdictions, as well as UVA and other prominent regional institutions, to address housing affordability challenges.
Comprehensive Approach	Charlottesville needs to implement a combination of subsidy, land use, and tenants' rights policies to meaningfully impact housing affordability, provide a ladder of housing opportunity, and offer a balance of affordable homeownership and rental housing.

For more detail on each guiding principle, see pages: 24 – 25 for Racial Equity; 26 – 27 for Regional Collaboration; and 28 for Comprehensive Approach.

Executive Summary | Recommendations

Charlottesville has already identified and made progress toward implementing many potential housing tools. For that reason, the Affordable Housing Plan first identifies the major changes to funding and governance the City will need to make in order to increase the impacts of its affordable housing programs. A sustainable level of funding commitment, efficient use of funds, and a process for aligning affordable housing tools with community-defined priorities are crucial to the success of the Affordable Housing Plan. Following the chapters on the implementation needs, the Affordable Housing Plan outlines recommendations to guide the City's use of affordable housing tools including land use, subsidy, and tenants' rights.

IMPLEMENT-ATION NEEDS

Funding — Make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

Governance — Build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

TOOLS

Land Use — Revise **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

Tenants' Rights — Change local policy and advocate at the state level to expand Charlottesville's ability to **support tenants' rights.**

Subsidy — **Focus and align subsidy programs with community-defined priorities** and make changes to increase impacts.

The affordability of housing is the result of both the cost of housing (rents, sale prices, and the cost of utilities and maintenance) and the income of households. The Affordable Housing plan focuses on strategies to decrease the cost of rental housing and homeownership in Charlottesville. Tools that address wages and income (e.g. minimum wage policies, workforce development programs, employer recruitment and broader economic development policy) are also important to address housing affordability, but are not addressed within the scope of this plan, though may be addressed in the update to the Comprehensive Plan.

Executive Summary | Funding Recommendations

Charlottesville should make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

In particular, the City should implement the following recommended changes to its funding policies:

Scale	**Dedicate $10M per year to fund affordable housing, to** (1) increase the number of subsidized affordable homes by 1,100 homes (on top of an existing stock of 1,630 actively subsidized homes), (2) preserve 600 existing subsidized affordable homes, and (3) stabilize 1,800 to 2,200 owner and renter households facing housing instability.
Consistency	**Make a commitment to sustain this level of funding for ten years**, identifying sustainable and reliable source(s) of dedicated funding.
Targeting	**Target funding towards extremely low-income households** to ensure that public funding is targeted to incomes with the greatest need. Allocate 40% of funding to serve households with incomes up to 30% of Area Median Income (AMI), 40% of funding for households earning up to 60% AMI, and 20% of funding for households earning up to 80% AMI. E.g., for a three-person household: 30% AMI: $23,350 | 60% AMI: $50,760 | 80% AMI: $67,600 **Attach funding awards to community representation, duration of affordability, and leverage of non-public funds**. Projects that receive public funding should be administered and governed by organizations that directly represent the beneficiaries of housing assistance. Funding awards should also incentivize permanent affordability of both renter- and owner-occupied housing. Finally, public dollars should incentivize maximum leverage of federal, state, and private funding.
Transparency	**Clearly identify overall housing expenditures** within the City's budget, and publish metrics on program funding, capacity, and impacts to create accountability and measure progress towards housing goals.

The funding chapter provides additional detail on recommended policy changes, as well as the anticipated impacts of these changes.

See Appendix for full table of Area Median Incomes and affordable rents in Charlottesville.

Executive Summary | Governance Recommendations

Charlottesville should build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

Setting clearer roles and increasing the presence of community voices and BIPOC representation for the City's staff and governance bodies will be crucial to the successful implementation of the Charlottesville Affordable Housing Plan. In particular, the City should implement the following recommended changes to its governance structures:

Housing Advisory Committee (HAC)	**Reform the structure and function of the Housing Advisory Committee** to build trust and improve its impacts.
Charlottesville Affordable Housing Fund (CAHF) Committee	Appoint a committee with community representation to make recommendations about the **priorities and distribution of the CAHF**.
City Staff Capacity	Realign priorities, increase capacity, and empower staff to be **collaborative with advocates and responsive to community needs**.
Standardized Funding Process	Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

The governance chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes.

Executive Summary | Land Use Recommendations

Charlottesville should revise its **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

In particular, the City should implement the following recommended changes to its land use tools:

Multifamily By-Right	Change zoning and development processes to **increase the production of multifamily housing** and **expand feasible by-right development,** and advocate for similar changes throughout the region, to begin to reverse entrenched patterns of racial segregation.
"Soft Density" By-Right	Change the City's zoning to **allow soft density in single-family neighborhoods** and advocate for similar zoning changes throughout the region while limiting displacement of low-income communities.
Accessory Dwelling Units (ADUs)	Increase the **flexibility to permit Accessory Dwelling Unit** (ADU) development and **provide public funding** to support affordability.
Inclusionary Zoning	**Create a mandatory inclusionary zoning policy** to increase the production of affordable homes as part of all new development.

Replicating these land use changes within the urban ring will be critical to the success of the City's land use tools by expanding their impacts on the regional housing market. The City should collaborate with Albemarle County to implement zoning and land use changes throughout the urban ring.

The land use chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Executive Summary | Tenants' Rights Recommendations

Charlottesville should change local policy and advocate at the state level to expand the City's ability to **support tenants' rights.**

State law limits the actions that Charlottesville can take to advance tenants' rights, but the City can provide enhanced protections for renters for programs in which it provides funding, and advocate at the state level for legislative changes. In particular, the City should implement the following recommended actions and policy changes:

Developments Receiving City Assistance	Require housing developments that receive City funding (directly as subsidy, or indirectly through infrastructure improvements) to provide **enhanced tenants' rights.**
Right to Counsel	Dedicate funding for the provision of legal services for tenants facing eviction and **establish a citywide right to counsel in eviction cases.**
Just Cause Eviction	Advocate for **enabling legislation to support just cause evictions** and to make other changes to the state's eviction process.
Rent Control	Advocate for **enabling legislation to enact rent control** in Charlottesville.

The tenants' rights chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Executive Summary | Subsidy Recommendations

Charlottesville should **focus and align subsidy programs with community-defined priorities** and make changes to increase impacts.

The subsidy tools on this and the following page are divided into three categories—those that (1) develop and preserve affordable rental homes, (2) provide direct rental assistance to tenants, and (3) increase and preserve access to affordable homeownership.

Develop and preserve affordable rental homes.	
Low-Income Housing Tax Credits Development (LIHTC) Gap Loans	**Support the development of new affordable rental housing by providing gap financing** (low interest loans and grants) to help fund development costs.
Public Housing Redevelopment	Set parameters for level and timing of funding that can be made available to **Charlottesville Redevelopment and Housing Authority (CRHA) to modernize all public housing.**
Acquisition Fund	Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.
Land Bank	Establish a land bank that provides **land equity to develop affordable housing.**
Provide rental assistance to tenants. The City cannot easily or quickly address the issue of low incomes or pursue tenants' rights tools. Direct rental assistance will immediately help residents pay for housing and build housing stability.	
Tenant-Based Vouchers	Continue the provision and use of **tenant subsidies for rental housing** in all parts of the city.
Emergency Rental Assistance	Establish a **permanent eviction prevention fund** to provide emergency rental assistance to lower income households in crisis**.**

Executive Summary | Subsidy Recommendations

Increase and preserve access to affordable homeownership. These programs serve to build wealth for low-income families and are crucial to support racial equity by mitigating the racial wealth gap.	
Down Payment Assistance	Revise Charlottesville's existing down payment assistance program to provide **a greater level of assistance and serve a larger number of households.**
Employer-Assisted Down Payment Assistance	Encourage and work with major regional employers, like UVA, to develop employer-funded **Down Payment Assistance programs as a benefit for employees**.
Section 8 Voucher to Homeownership	Encourage the Charlottesville Redevelopment and Housing Authority (CRHA) to create the option of and access to **homeownership for Section 8 Voucher users**.
Local Mortgage Pool with Individual Development Accounts	Help homebuyers **overcome systemic barriers to accessing home mortgages**.
Single-Family and Soft Density Infill Development	Partner with developers to build and renovate **affordable single-family and "soft density" housing** in existing neighborhoods.
Owner-Occupied Rehabilitation Assistance	Support and preserve homeownership by providing assistance to **income-qualified owners to make necessary home repairs.**
Property Tax Relief	Continue the provision of **property tax relief** to low- and moderate-income homeowners.

The subsidy chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability. The implementation and expansion of subsidy programs will depend on the City's ability to identify additional sources of funding on top of its existing general fund commitments.

Executive Summary | Snapshot of Implementation

The following snapshot provides a summary of the recommended timeframe of implementation for the Governance, Funding, and Housing Tool recommendations, beginning with the adoption of the Charlottesville Affordable Housing Plan.

Overall, this timeline emphasizes immediate governance changes within 6 months, in tandem with the completion of the Cville Plans Together process including anticipated changes to the City's zoning code. Over the following year, the City would then undertake recommended changes to existing tools and initiate the implementation of new tools, guided by its new governance structure and with steady, committed, competitively allocated funding. Over the following several years, the City would continue to improve the impact of existing tools, fully implement new programs, and explore additional ways to pursue regional collaboration.

	Within 6 months	Within 18 months	Within 3 to 5 years
Governance	• Reform structure of Housing Advisory Committee (HAC) to broaden representation and focus mission • Establish a representative Charlottesville Affordable Housing Fund (CAHF) Committee to oversee funding allocations and priorities • Increase City staff capacity and identify development liaison(s)	• Ramp up CAHF Committee capacity to establish and implement clear, transparent and competitive process of awarding grants • Adopt a conflict-of-interest policy for CAHF Committee members	• Explore ways for HAC, or similar entity, to become a regional body that serves and represents the City and County
Funding		• Identify sustainable and reliable source(s) of funding to sustain $10M annual commitment over 10 years, including an evaluation of the legality, potential scale, stability, and equity impacts of different revenue sources • Target funding to high-priority subsidy tools	• Target funding to additional subsidy tools • Build out mechanisms to collect, interpret, and communicate data on housing spending and the impacts thereof • Explore establishing a regional affordable housing funding agreement to pool City and County funding sources

Executive Summary | Snapshot of Implementation

The City of Charlottesville should take the following actions to implement housing tools over the near and long term:

	Within 6 months	Within 18 months	Within 3 to 5 Years
Land Use	• Through the Cville Plans Together process, work with Charlottesville community to understand the impacts of and identify suitable areas for zoning changes, such as for **multifamily by-right, soft density by-right,** and **inclusionary zoning** • Develop and deploy education campaign on zoning recommendations in preparation for the zoning code rewrite.	Adopt zoning code revisions as recommended by Cville Plans Together: • Enact zoning changes within Charlottesville and the urban ring, aligning subdivision ordinances as needed • Revise the **accessory dwelling unit** ordinance to support affordable ADUs • Adjust City development review and approvals processes to align with recommendations	
Tenants' Rights		• Require guarantee of **tenants' rights for developments receiving City assistance** (directly as subsidy, or indirectly through infrastructure improvements) • Design, fund, and implement a legal services program for residents facing eviction • Advocate for enabling legislation at the state level to support **just cause eviction** and **rent control**	• Continue to strengthen tenants' rights policies as is legally feasible, including through ongoing advocacy at the state level
Subsidy	• Continue provision of **tenant-based vouchers** • Continue provision of **property tax relief** • Establish goals and funding commitments for **CRHA public housing redevelopment**	Per CAHF Committee recommendations, formalize, allocate funding to, and competitively select nonprofit partners for existing programs: • Formalize funding process for **LIHTC development gap loans** • Formalize program for **emergency rental assistance**, in continuation of COVID-19 efforts • Increase impact of existing homeownership programs, including **down payment assistance, single-family infill development, owner-occupied rehab** Begin conversations with partners to create additional homeownership programs, including **employer-assisted down payment assistance** and a CRHA-led **Section 8 Voucher-to-Homeownership program**	Implement new tools: • Establish **land bank** • Form **local mortgage pool** with individual development accounts • Create an **acquisition fund** to preserve market-rate housing and subsidized housing with expiring affordability Work with local employers and CRHA to fully establish employer-assisted down payment assistance programs and a Section 8 Voucher-to-Homeownership program, respectively

Executive Summary | Snapshot of Impact

What could be achieved with $100M in investments over 10 years?

With $10M in average annual spending over ten years, Charlottesville could grow its existing stock of subsidized homes by nearly 70 percent, preserve nearly 40 percent of existing subsidized housing at risk of becoming unaffordable or obsolete, *and* provide direct assistance annually to up to 2,000 households facing housing instability.

The resulting level of production shown is only possible if funds are used efficiently and leverage private investment as well as state and federal resources—and, to this end, it will be essential to thoroughly underwrite all funding awards. Combining the subsidy tools represented here with land use reform and tenants' rights tools will potentially decrease costs and expand program benefits, further increasing the impact of public dollars. Of the other tools, inclusionary zoning would directly contribute to the production of additional homes, which are not included in the estimate below.

Estimated impact of $100M in spending over 10 years

These impact figures assume the following costs:

- For newly subsidized homes, between $35K to $50K per home for new construction, up to $50K for down payment assistance, and approximately $25K for owner-occupied repairs
- For preserved homes, up to $20K through an acquisition fund, and between $45 to $50K per public housing home
- For stabilized households, annual costs of up to $1,500 for property tax relief, $5K for emergency relief, and $9K for vouchers

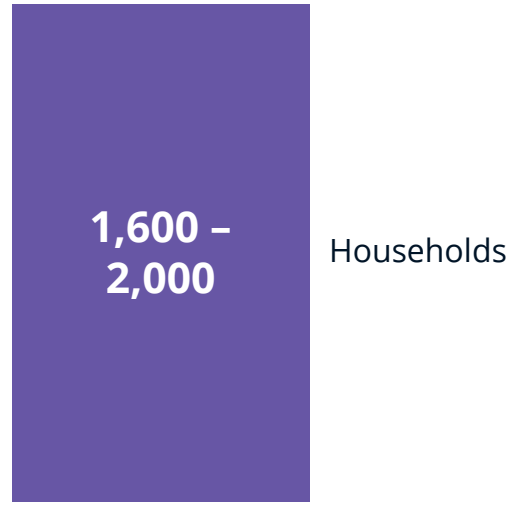
These numbers represent one potential distribution of funding—the actual impact will depend on City Council's final funding allocations, informed by recommendations by the CAHF Committee.

Change in Subsidized Homes

Through programs such as LIHTC gap financing, public housing redevelopment, single-family infill

Households Stabilized Annually

Through programs such as property tax relief, emergency rental assistance



Introduction

FINAL DRAFT

Plan Purpose and Context

Like many cities around the country, **Charlottesville is in the midst of an affordable housing crisis**. A growing population and constrained housing supply, increasing income and wealth disparities, and racial inequality have led to worsening housing challenges. A diminishing portion of households can access homeownership, and rents are rising far faster than incomes for many households. Historical patterns of segregation persist throughout the City, contributing to persistent racial disparities in income and opportunity.

As outlined by the Housing Advisory Committee, the Planning Commission of the City of Charlottesville, and other local groups, Charlottesville's institutions and City government have failed to be accountable to low-wealth communities, particularly communities of color. Centering racial equity within the City's affordable housing strategy requires a new approach not only to investment in housing but also into the power structures that govern and oversee that investment.

The Charlottesville Affordable Housing Plan builds on past work done by the City and its partners, including a 2018 Housing Needs Assessment, to identify **a framework to guide affordable housing policy and investments to increase the impacts of the City's policies and programs, remove barriers to access, and advance racial equity in housing in Charlottesville.**

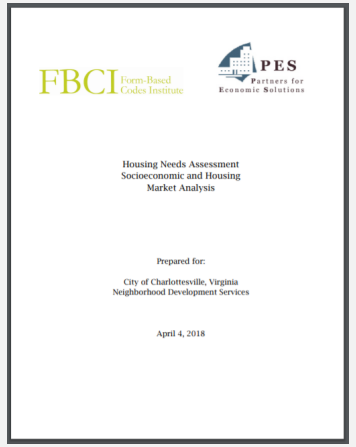
The City of Charlottesville will achieve a local housing market that is healthy, high quality, affordable, and above all, equitable.

Sources: The City of Charlottesville, Charlottesville Low-Income Housing Coalition, Charlottesville Housing Needs Assessment (available at https://charlottesville.org/DocumentCenter/View/1522/Housing-Needs-Assessment-PDF)

Charlottesville Housing Needs Assessment

The City conducted an affordable housing needs assessment in 2018 to evaluate the housing market, quantify the need for affordable housing in Charlottesville, and to identify key barriers to housing. Key findings of this assessment include:

- Charlottesville has a need for more housing at all price points, and limited opportunities for new large-scale housing development
- Market pressures have resulted in increased rents and home prices, as well as displacement of low-income households
- The City has a particular gap of homes affordable to households earning 30% AMI or less
- The City's land use policies are a factor in the constrained supply of housing



Guiding Principles

The recommendations within the Charlottesville Affordable Housing Plan are built with three guiding principles in mind: **racial equity, regional collaboration, and a focus on a comprehensive approach**. These guiding principles inform the design and implementation of recommended strategies and will enable the City to track the impacts of its affordable housing activities. Aligning the City's affordable housing policies, programs, and investments with these guiding principles will help the City to more effectively address the affordable housing needs of its residents and workers.

Racial Equity

Housing policies and programs in Charlottesville must be intentionally designed to overcome the City's history of racial segregation and its ongoing inequities.

Regional Collaboration

Charlottesville must collaborate with Albemarle County and other regional jurisdictions, as well as UVA and other prominent regional institutions, to address housing affordability challenges.

Comprehensive Approach

Charlottesville needs to implement a combination of subsidy, land use, and tenants' rights policies to meaningfully impact housing affordability and provide a ladder of housing opportunity.

Guiding Principles | Racial Equity

"Housing Affordability" incorporates many distinct but related issues, and racial equity is at the heart of each of them.

Racial disparities impact all aspects of housing. A history of segregationist and exclusionary housing policies at both the local and national levels have contributed to Charlottesville's current challenges including persistent segregation of many neighborhoods and racial disparities in homeownership and other housing factors. Practices including redlining and exclusionary zoning have historically been used as a tool for racial discrimination, including City ordinances that explicitly prevented Black, Indigenous, and People of Color (BIPOC) from living in white neighborhoods. Federal and local policies also limited access to mortgages and homeownership for BIPOC households and have kept property values depressed in BIPOC communities.

Today, **discriminatory practices persist** in many areas of housing and real estate, while **racial disparities in homeownership** continue to make it difficult for BIPOC families to build wealth. At the same time, recent nationwide patterns have shown that **renewed investment in urban neighborhoods with large BIPOC populations can lead to gentrification and displacement** due to rising rents or property values. Efforts to provide quality housing in Charlottesville's neighborhoods should mitigate unintended consequences such as displacement.

> *1 in 4 of Charlottesville's Black homeowners have moved out of the city or lost their home between 2000 and 2018*
>
> *Low-income African American and Hispanic households bear a disproportionate share of the burden of the lack of affordable housing*
>
> *In the last 7 years, Charlottesville has seen a decrease in the share of Black people residing in the city*
>
> *The displacement of low-income people results in a decline in diversity, loss of community, and perpetuation of a system of white supremacy that has characterized Charlottesville's history*

- Charlottesville Low Income Housing Coalition

Source: "The Impact of Racism on Affordable Housing in Charlottesville", Charlottesville Low Income Housing Coalition (CLIHC)

Guiding Principles | Racial Equity

To fully support racial equity and reverse the impacts of discrimination and segregation, **racial equity has to be considered as a part of the design of each recommendation, not as an afterthought or a separate plan**. The City can meet this challenge by creating programs that **directly address disparities and mitigate barriers** to accessing quality affordable housing, and by **establishing governance structures and processes that actively include Black, Indigenous, and People of Color (BIPOC) households**, particularly households impacted by disparities, in the decision-making process.

Critical Strategies to Advance Racial Equity

- **Homeownership** | Homeownership is a critical asset building opportunity for most households, and persistent disparities in homeownership rates by race illustrate the extent to which BIPOC households continue to face barriers in homeownership. Charlottesville should **reduce the racial wealth gap** through homeownership programs including **down payment assistance** (pages 135 – 139), **Section 8 voucher to homeownership** programs (page 140 – 141), **new approaches to mortgage financing** (page 142 – 144), and **single-family and soft density infill development** (page 145 – 146). In addition, to stem the decline in Black homeownership, the City should fund programs that **reduce costs for existing homeowners** such as **owner-occupied rehabilitation assistance** (pages 147 – 148) and **property tax relief** (pages 149 – 150).
- **Governance** | To reflect the needs and priorities of its community, the City's **governance structures need a diversity of perspectives**, not just from housing professionals but **inclusive of community voices** and beneficiaries of housing programs. Charlottesville can take concrete steps to bring diverse voices into its decision-making processes, and to build inclusivity throughout its affordable housing infrastructure, including the **Housing Advisory Committee** (pages 64 – 65), **Charlottesville Affordable Housing Fund (CAHF) Committee** (pages 66 – 68), **City Staff** (pages 70 – 71), and nonprofits that receive city funding through a **standardized and competitive process** (pages 73 – 75). This includes both **BIPOC housing professionals and community members**, as well as people who benefit from affordable housing assistance.
- **Metrics** | Key to the successful implementation of the plan will be **ensuring that affordable housing programs are designed and implemented to be accessible** and utilized by all residents including BIPOC. To ensure that programs operated by the City and its partners support racial equity, **City Staff** (pages 70 – 71) should track metrics related to program participants, residents, and impacts, and **disaggregate impact data by race**. The City's **competitive funding process** (pages 73 – 75) should **set targets for inclusive participation and access** and prioritize funding for partners that have demonstrated successes in promoting racial equity and inclusiveness.

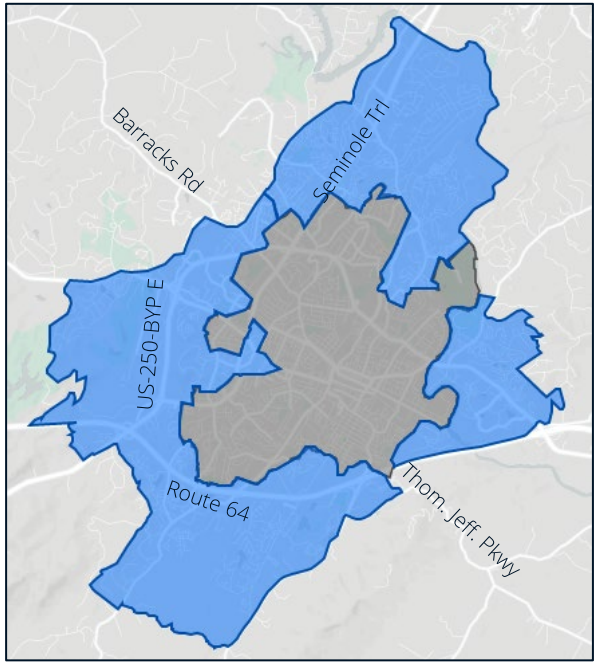
The Charlottesville Affordable Housing Plan outlines recommendations to advance each of these critical strategies and to ensure that other recommendations are implemented in ways that reduce racial disparities, promote equity, and mitigate negative impacts to BIPOC in Charlottesville.

Guiding Principles | Regional Collaboration

Housing markets and issues are regional in nature, and their solutions must be regional as well. In 2017, 81% of Charlottesville's workers commuted to the city from other counties in the region, and 62% of Charlottesville residents worked outside the city. While the City has limited influence outside its borders, it needs **regional solutions to address housing affordability challenges**. The City has existing regional partnerships, including the Central Virginia Regional Housing Partnership. The City can also collaborate with the University of Virginia, surrounding jurisdictions, and Virginia Housing to further implement regional solutions. These partnerships will be critical to identify opportunities and pursue regionally-aligned efforts, particularly within the urban ring.

The urban ring should be a particular focus for regional collaboration and the joint implementation of land use changes, housing development, and housing affordability programs. It is a large area surrounding Charlottesville that includes transit corridors connecting to employment centers in Charlottesville, and has a much greater potential to support new housing development than the City. The urban ring is well positioned to help meet the affordable housing needs of the area's low- and moderate-income households.

Charlottesville and the Urban Ring



Guiding Principles | Regional Collaboration

To maximize the impacts of Charlottesville's activities in supporting housing affordability, **the City needs to seek commitments and develop deeper partnerships to replicate changes throughout the city and the urban ring**.

Collaboration with Albemarle County | The County and City are each others' most important partners for improving housing affordability. Each controls land use and public funding policies that are far more effective when used in coordination. Implementing recommendations jointly is central to regional collaboration.

- **Establishing an affordable housing funding agreement** (page 52) **for the urban ring.** Both the City and the County must invest local public funds to improve housing affordability. Given the shared authority and tax relationship between the City and County, investments within the urban ring should be shared. The County and City should establish an agreement to coordinate affordable housing investments to maximize impacts in the urban ring.
- **Aligning changes to multifamily** (page 80 – 81) **and single-family zoning** (page 94 – 96) **within the urban ring.** The urban ring is an important part of Charlottesville's housing market and has significant opportunity to support new housing development. A misalignment of zoning could harm affordability, while aligning zoning within the urban ring would enhance the impacts of recommended zoning changes by further expanding opportunities for housing development and creating a comparable development environment.
- **Including regional representatives in the City's governance**, particularly as voting members of the Housing Advisory Committee (HAC) (page 64), will recognize the County as a critical partner and help to ensure that regional partners continue to be engaged and aligned on affordable housing needs and opportunities for collaboration.

Collaboration with the University of Virginia (UVA) | UVA is the City's largest employer and the anchor institution of Charlottesville. It has the largest obligation to address housing affordability after the City itself. Recognizing that obligation, the University recently made the important commitment to develop 1,000 to 1,500 affordable homes over the next decade. As the University moves forward to meet this commitment, it should do so in a manner that is consistent with this Plan's principles and recommendations.

- **Racial Equity and Governance.** UVA can acknowledge historic and present racial discrimination in housing and seek to address it in the design of its housing programs. The University can develop an **inclusive planning and decision-making process** (page 63) for housing investments by meaningfully including BIPOC and beneficiaries of its housing programs.
- **Deep Affordability.** Recognizing that UVA has raised its wages so that no employees should be below 30% AMI, the University should commit to **affordability targets** for new housing (page 55 – 56) including making at least 80% of homes affordable to households with incomes up to 60% AMI, and the remainder affordable to households up to 80% AMI.
- **Homeownership.** UVA should commit to supporting homeownership as well as rental development, by pursuing **single-family and soft density infill development** (page 145 – 146) and offering **down payment assistance** (page 138 – 139) to employees.
- **Tenants' Rights.** Similar to the City, UVA has the opportunity to ensure that housing developments it supports provide **enhanced tenants' rights** (page 100), such as just cause eviction requirements, mediation agreements, and the right to organize, in University-funded housing developments.

Guiding Principles | Comprehensive Approach

Affordable housing tools fall into three main categories – land use, subsidy, and tenants' rights. **A successful housing strategy needs all three.** Each category of tool has its limitations; a comprehensive approach to affordable housing policy must balance these limitations by addressing and including all three types of tools. In combination, land use, subsidy, and tenants' rights tools reinforce and support each other, allowing the City to support a healthy housing market, the production of affordable homes, and resident retention.

Charlottesville also needs to **support the development and affordability of a range of housing types**, including but not limited to subsidized rental homes, market rate rental homes, and affordable homeownership opportunities, in order to support affordability for a broad range of incomes and household types, and allow residents to remain in Charlottesville and access quality housing as their needs change.

Land Use

Land use refers to the use of **municipal regulations and zoning authority** to **indirectly** improve affordability by increasing housing supply, and to **directly** produce affordable homes.

Subsidy

Subsidy is the provision of **below-market rate loans, grants, or other public resources** to close the gap between what a household can afford to pay and the costs to develop and operate housing.

Tenants' Rights

Tenants' rights tools preserve existing affordable housing and housing stability by using **laws and regulations** that protect current occupants.

Plan Overview

Charlottesville has already identified and made progress toward implementing many potential housing tools. For that reason, the Affordable Housing Plan first identifies the major changes to funding and governance the City will need to make in order to increase the impacts of its affordable housing programs. A sustainable level of funding commitment, efficient use of funds, and a process for aligning affordable housing tools with community-defined priorities are crucial to the success of the Affordable Housing Plan. Following the chapters on the implementation needs, the Affordable Housing Plan outlines recommendations to guide the City's use of affordable housing tools including land use, subsidy, and tenants' rights.

IMPLEMENT-ATION NEEDS

Funding — Make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

Governance — Build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

TOOLS

Land Use — Revise **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

Tenants' Rights — Change local policy and advocate at the state level to expand Charlottesville's ability to **support tenants' rights.**

Subsidy — **Focus and align subsidy programs with community-defined priorities** and make changes to increase impacts.

The affordability of housing is the result of both the cost of housing (rents, sale prices, and the cost of utilities and maintenance) and the income of households. The Affordable Housing plan focuses on strategies to decrease the cost of rental housing and homeownership in Charlottesville. Tools that address wages and income (e.g. minimum wage policies, workforce development programs, employer recruitment and broader economic development policy) are also important to address housing affordability, but are not addressed within the scope of this plan, though may be addressed in the update to the Comprehensive Plan.

Major Initiatives

The City of Charlottesville has made affordable housing a top priority in recent years. It has dedicated a level of public funding and supported a portfolio of housing tools typical of a much larger city. The Charlottesville Affordable Housing Plan is intended to sustain Charlottesville's commitment to affordable housing while increasing the impact of the City's activities. Though there are many tools and recommendations included within this Plan, there are **three major initiatives that together would represent a significant commitment to supporting racial equity in affordable housing in Charlottesville.**

Dedicate $10M Annually To Affordable Housing

The Charlottesville Affordable Housing Plan recommends that the City make a total commitment of $10M annually for affordable housing programs for the next ten years. This commitment sustains the City's substantial recent investments in affordable housing and will the City to identify new funding sources. The recommended $10M would include funding for both (1) development and preservation of affordable housing and (2) programs that serve residents directly, including property tax relief and emergency rental assistance. Setting a consistent level of funding will allow the City and nonprofit partners to plan and build capacity to implement affordable housing measures. A commitment of $10M annually would double the City's supply of permanently affordable housing, while stabilizing an additional 2,000 owner and renter households directly.

Build Inclusive Governance at All Levels

The Charlottesville Affordable Housing Plan makes several recommendations to bring diverse voices from the community into the decision-making structure of the City and partners it funds. This includes both BIPOC housing professionals and community members, as well as people who benefit from affordable housing assistance. To support this move toward equitable governance, the City should fund training and support the creation of onboarding materials to ensure members of public and nonprofit boards are equipped to shape affordable housing policy and can be supported as they participate in priority-setting conversations.

Adopt Progressive and Inclusionary Zoning Reforms

Single-family zoning, which is prevalent in Charlottesville, has historically been a tool to create and reinforce racial segregation in Charlottesville and nationwide and has restricted the development of housing, contributing to rising housing costs. The Land Use chapter of the Charlottesville Affordable Housing Plan outlines recommendations to address the legacy of exclusionary zoning and constrained housing supply in Charlottesville. The Comprehensive Plan Update and Zoning Code Rewrite will build on these recommendations.

Planning Process | Overview

CVILLE PLANS TOGETHER

Cville Plans Together is an effort to complete three major projects: continuing and finalizing updates to the City's Comprehensive Plan, the development of an Affordable Housing Plan, and an update to the City's zoning ordinance. The current Comprehensive Plan was adopted in 2013. The City is required to review the plan for potential revisions every five years. During previous Comprehensive Plan review processes, in 2017-2018, the Planning Commission and others identified the need to further examine equity, including an increased focus on housing affordability. To this end, the Charlottesville Affordable Housing Plan describes goals, priorities, and implementation strategies which will be incorporated into the Comprehensive Plan update.

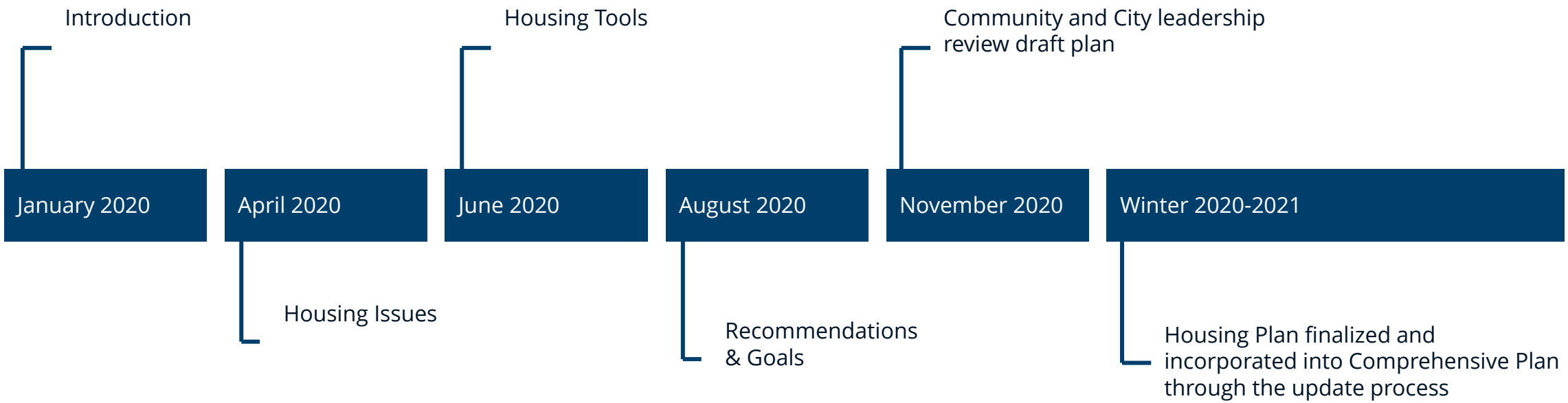
City Comprehensive Plan Update | Earlier efforts to update the plan in 2017 and 2018 were halted when the City identified a need to address equity and affordability more holistically in the document. The new Comprehensive Plan Update is focusing on ensuring that equity is considered throughout the document, creating a plan to increase housing affordability, updating the land use map which will act as the basis for updates to the zoning ordinance, adding chapters related to Community Engagement and Plan Implementation with measurable outcomes, and engaging in meaningful and thorough community engagement to aid the above efforts.

Affordable Housing Plan | The Affordable Housing Plan was developed in four phases: review of existing conditions, discussion of community goals and priorities, development of strategies and tools, and the completion of the draft and final plan which will be incorporated into the Comprehensive Plan.

Zoning Code Rewrite | This rewrite will include preparing revised zoning regulations for the entire City once the Comprehensive Plan Update, including the Affordable Housing Plan, is finalized. This process will include the following steps: a diagnostic report that explores the issues related to the existing ordinances, an approach report to propose general changes to be made to the ordinance, a draft zoning ordinance, a draft zoning map, and a final production of both the zoning ordinance and map.

Planning Process | Timeline

A steering committee of local stakeholders representing City, regional organizations, and community members is providing input throughout the Cville Plans Together planning effort. The consulting team held a series of conversations with the Steering Committee to develop the Charlottesville Affordable Housing Plan. The Steering Committee provided feedback in the form of surveys, discussion during meetings, and interviews. This feedback informed the guiding principles, preliminary goals, and recommendations of the Affordable Housing Plan.

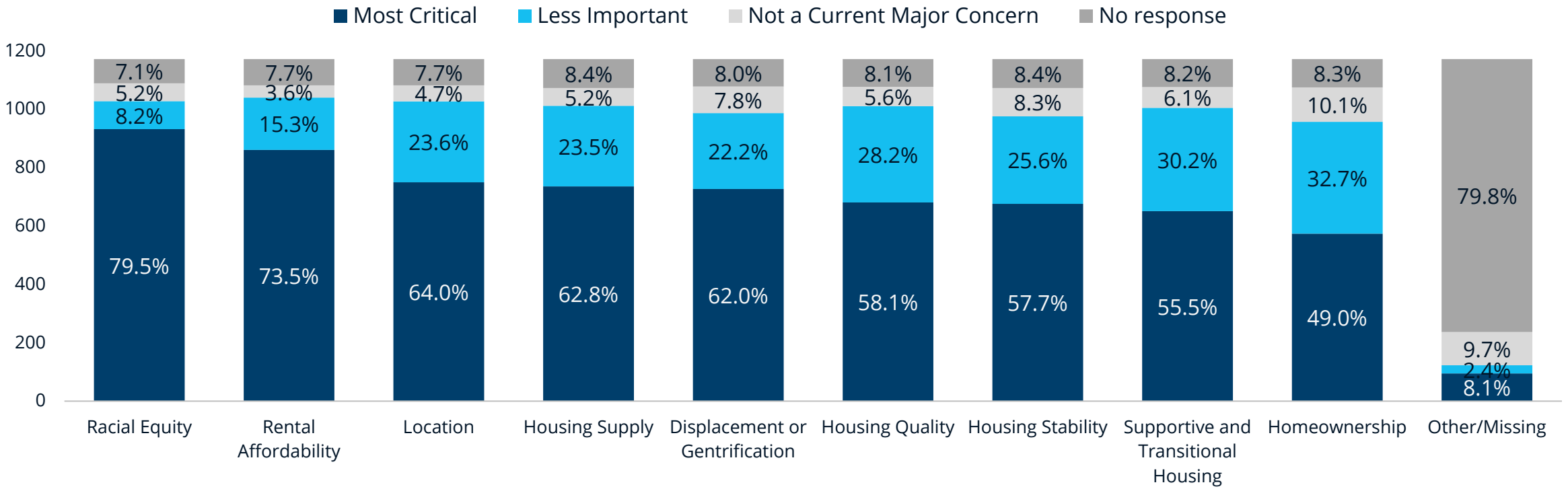


Planning Process | Community Engagement

From mid-May through June 2020, Cville Plans Together encouraged the community to actively participate in updating the future vision for the city. The process focused on sharing information about the project, making connections and developing partnerships with community individuals and organizations, and gathering input about priorities for the future. Community input opportunities included a community survey available in Spanish and English, a series of webinars to provide a project overview and answer questions, small group discussions that were held via Zoom and telephone, and a toll-free phoneline.

The survey asked respondents to identify key issues related to housing affordability in Charlottesville, as well as their ideal outcomes for the Plan.

Public Survey: Which housing issues will be the most critical for the Charlottesville Affordable Housing Plan to address?



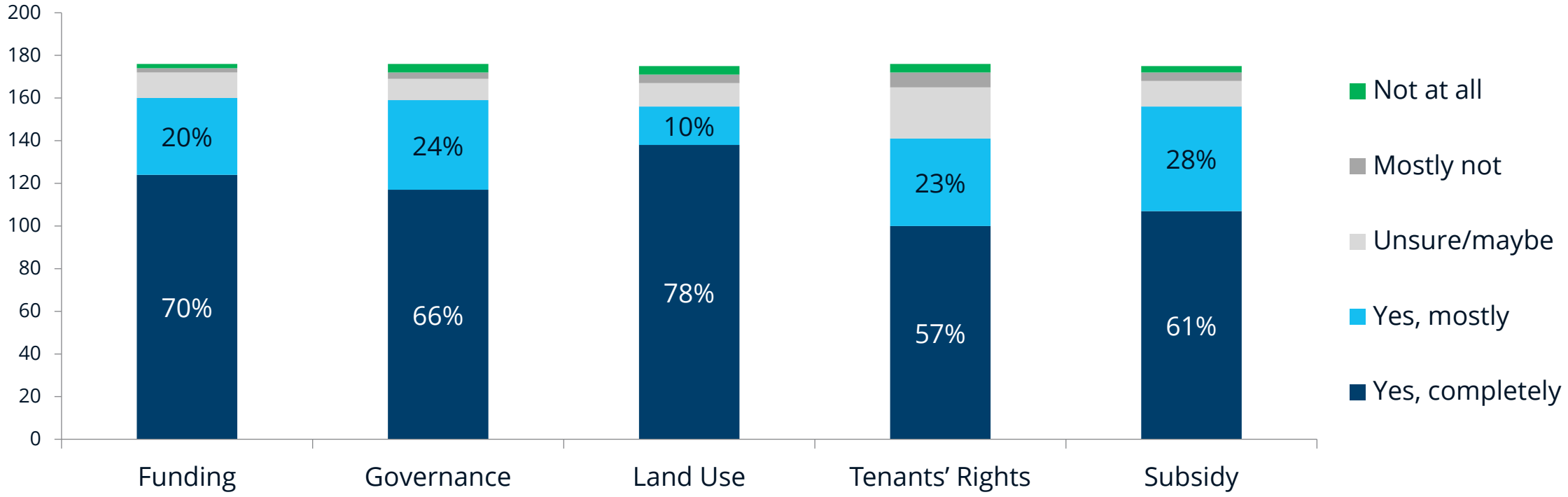
Overall, survey respondents strongly supported centering racial equity and rental affordability in the Affordable Housing Plan. Though Homeownership received less support, it is important to note that renters who responded to the survey strongly supported homeownership as an area of critical concern. The prioritization of housing issues differed drastically by race. These differences are explored further on page 63.

Planning Process | Community Engagement

From November 3 through December 2, 2020, Cville Plans Together sought community feedback on the draft Affordable Housing Plan as well as draft initial revisions to the Comprehensive Plan. Community input opportunities included four interactive webinars, an online survey in both English and Spanish, drop-in "office hours," a toll-free phone line, and the opportunity to submit written comments via email and the project website.

There were many types of issues considered by the community in the review. Common comment themes include: general support for the direction of the plan, a desire to see more emphasis on homeownership, questions and comments about funding, and concerns about the potential impacts of land use recommendations. A full summary of community input is available via a link on page 157 in the appendix.

Public Survey: Do you agree that the recommendations in each category below are a priority for the Affordable Housing Plan?



Housing Challenges

FINAL DRAFT

Housing Challenges

Charlottesville is experiencing a growing housing crisis as residents are increasingly unable to afford living within the city. To evaluate the city's affordable housing need, a multi-part analysis of the existing affordable housing landscape in Charlottesville was conducted. This effort involved a series of stakeholder interviews, an evaluation of demographic and market conditions, a thorough review of current housing programs and policies, and builds on the Housing Needs Assessment conducted by the City. Through this process we identified key housing challenges that informed the recommendations within this plan. These key challenges are:

Zoning and Land Use | The City's current land use policies constrain the supply of housing. In addition, the predominance of single-family zoning is a legacy of exclusionary zoning practices.

Housing Supply | Driven in part by zoning and land use, the City's housing supply has lagged population growth, resulting in rising home prices. Limited opportunities for greenfield development further constrain the supply of housing.

Rental Affordability | Over 2,700 renter households in Charlottesville currently pay more than 50% of their income on rent and utilities. The majority of these households earn less than $35,000 a year.

Displacement | Rising prices and limited affordable housing options appear to be displacing low-income residents from Charlottesville.

Housing Instability and Homelessness | Housing instability creates challenges for all members of a household, and continued housing instability can lead to homelessness.

Racial Inequity | Black residents disproportionately face housing affordability challenges, including disparities in homeownership, even when accounting for disparities in income.

Low and Stagnant Wages | Despite growing median incomes, the median renter still cannot afford the median rental unit.

Impacts of COVID-19 | The economic impact of COVID-19 has exacerbated housing affordability challenges across the country, including in Charlottesville.

Transportation costs, income, energy costs, environmental quality, and other factors are also closely tied to housing affordability, however the Affordable Housing Plan does not make recommendations to address these challenges directly. These items will be assessed further in the Comprehensive Plan as well as in the Climate Action Plan.

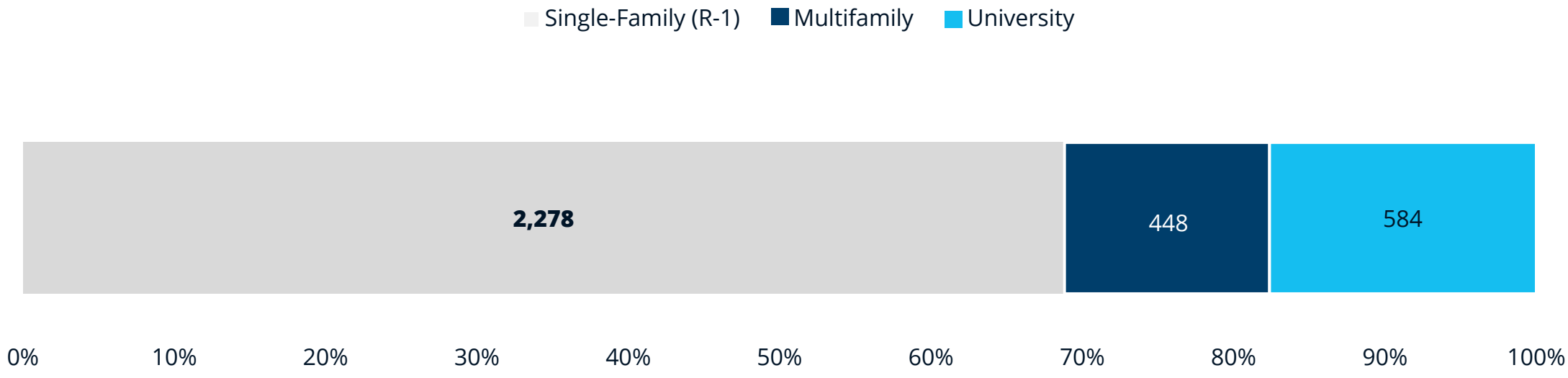
Sources: City of Charlottesville Open Data; U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates; Federal Reserve Economic Data; 2014-2018 Public Use Micro-Survey (PUMS) 5-Year Data for the Public Use Microdata Area containing Charlottesville

Housing Challenges | Zoning and Land Use

Charlottesville's current land use regulations form barriers to the housing supply and racial equity. Growth of the housing supply is restricted by the city's high share of low-density single-family zoning. In Charlottesville, only 30% of the city's residential-zoned land can be used for higher-density development. Single-family zoning and other land use restrictions have historically been used to create and enforce racial segregation.

Within the zones that allow multifamily development, the zoning is such that multifamily developments are difficult to build. Height restrictions effectively require all multifamily projects to obtain special use permits to make development feasible. Beyond this, the development processes are cumbersome, and significantly increase the time and cost to develop new housing. These processes are highly discretionary, meaning that the City, and by extension the public, exercise significant influence over what development receives approval. This further hinders the development of multifamily housing. In areas that are zoned for mixed use, stakeholders note that zoning regulations effectively incentivize commercial development over residential development, leading to a lack of housing downtown.

Acres of Land by Residential Zoning Type



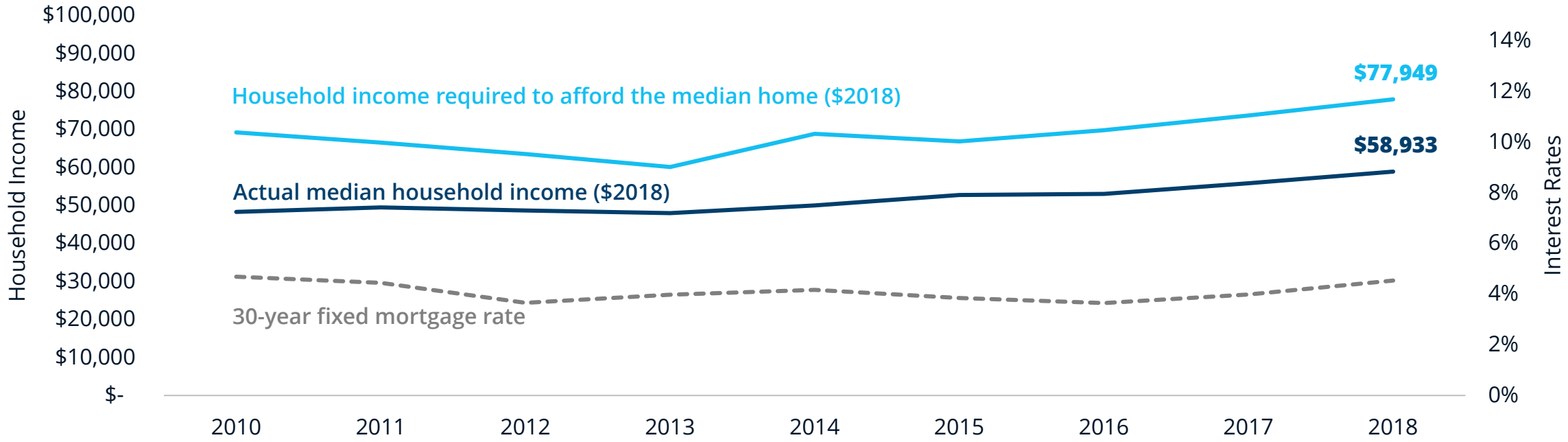
Does not include land zoned for mixed use
Does not include land in the urban ring
Sources: City of Charlottesville Open Data

Housing Challenges | Housing Supply

An insufficient housing supply increases competition and raises prices on existing housing. Since 2010, Charlottesville's population and total employment have undergone a steady growth, with an **increase of approximately 4,800 residents and 11,000 jobs**. This increase in demand has not been matched by the level of housing development, with **only 2,600 new homes constructed** in the same time period. Additionally, the University of Virginia and its student population continue to grow in Charlottesville, putting further strain on the housing supply.

These market dynamics have led to rising home prices in Charlottesville. Since 2010, the gap between median income and the median income required to afford the median home has been gradually widening. Additionally, homeownership rates have fallen across every income band, except for households making over $150K between 2010 and 2018. The City needs more housing at all price points to reduce market pressures that constrain affordability for moderate- and low-income households.

Homeownership Affordability

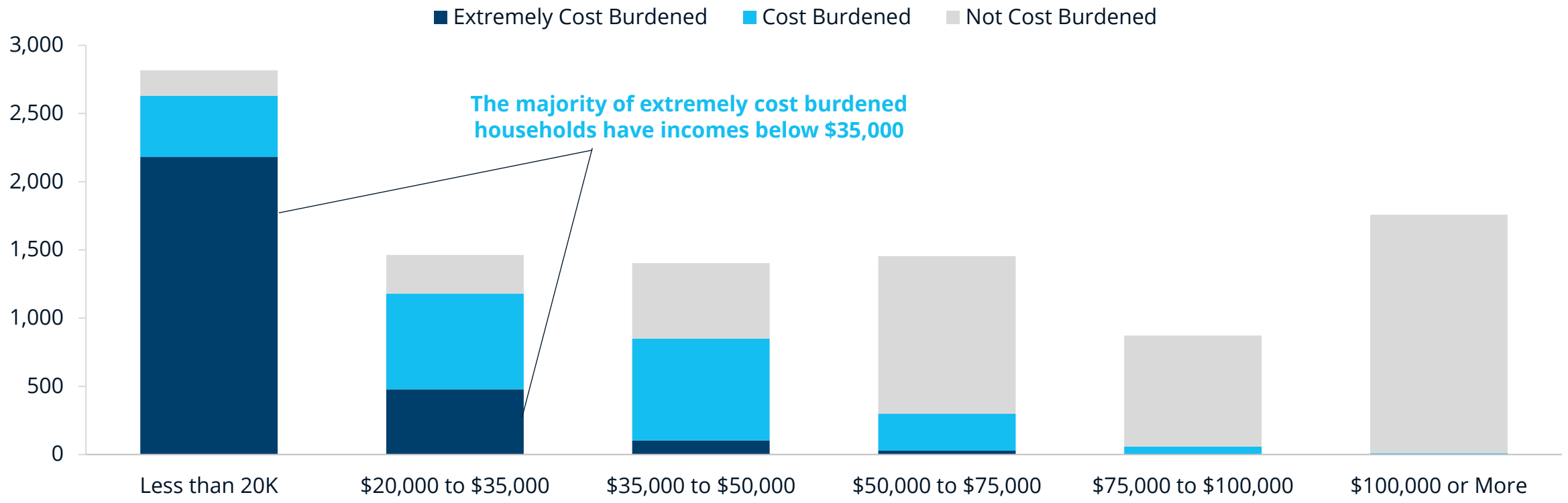


Note: All values are adjusted to 2018 dollars.
Source: U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates; Federal Reserve Economic Data

Housing Challenges | Rental Affordability

Of the 10,570 renter households in Charlottesville, **over 2,700 renter households are extremely cost burdened, meaning that they spend more than half of their income on housing. Over 95% of these households earn less than $35,000 a year**. 1,320 of those households are Black renter households, with 88% of those households earning less than $35,000 a year. Because these low-income households cannot find affordable housing, they have little income remaining to cover other household needs. An additional 2,200 renter households, 1,500 of which are Black residents, are cost-burdened, meaning they spend less than half, but more than one-third, of their income on housing. Together there are **more than 5,000 renter households in Charlottesville that are cost-burdened.** Cost burden trends indicate a gap in rental housing affordable to households earning less than $75,000 annually, but the need is most acute for households earning less than $35,000.

Housing Cost Burden By Income

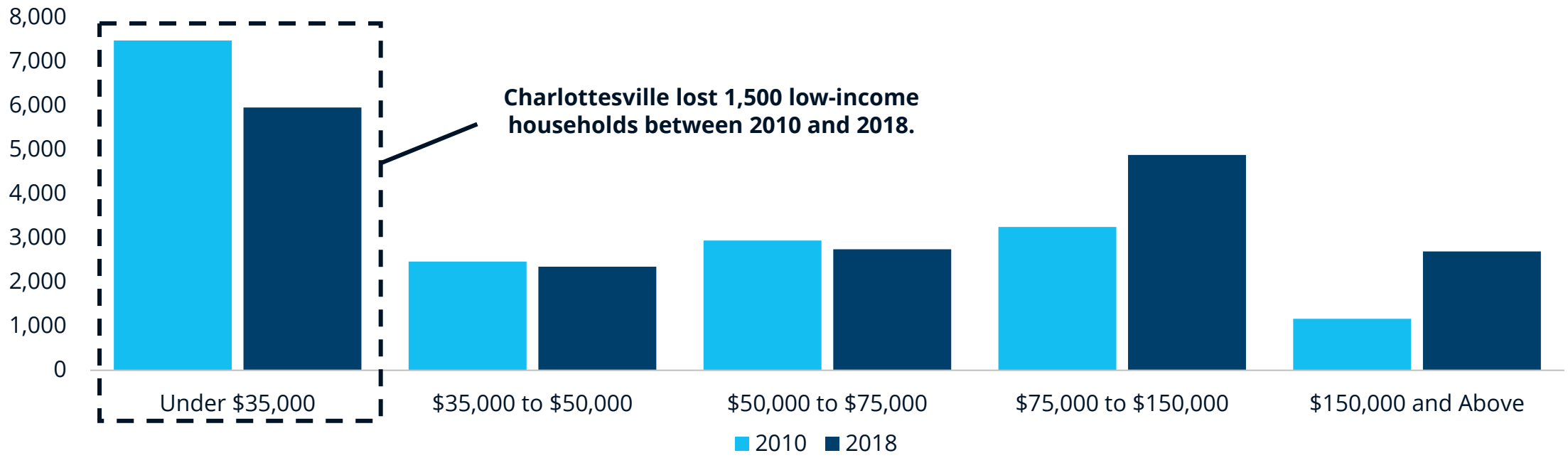


Note: Rental households include renters who are students
Source: U.S. Census 2018 American Community Survey 5-Year Estimates

Housing Challenges | Displacement

Gentrification occurs when private or public investment leads to changes in the racial or economic composition of a neighborhood toward higher incomes and more white residents. There are two aspects – housing competition and displacement, and cultural change. Housing competition and displacement describes the replacement of existing lower income BIPOC renters and owners by higher income white residents as rents rise and homes turn over. Cultural change describes the influx of new residents that can lead to a change in the "feel" of a neighborhood, from retail types available, to the neighborhood institutions. As a result, **communities are disrupted and displaced into less accessible areas, with higher concentrations of poverty and lower access to quality services and amenities**. In Charlottesville, rising prices and limited affordable housing options appear to be displacing low-income households.

Change in Households by Income* between 2010 and 2018

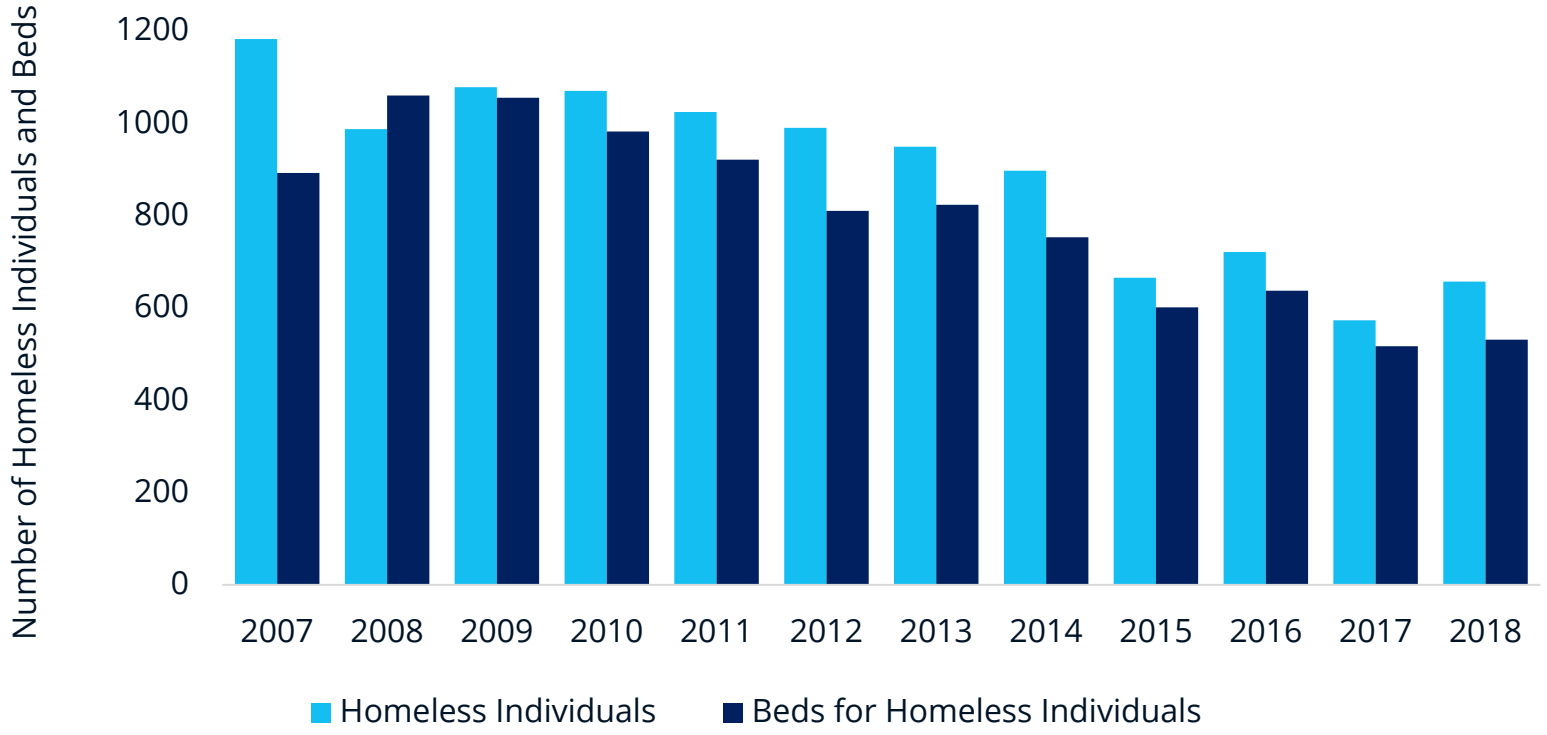


**Incomes are not adjusted for inflation*
Source: U.S. Census 2010 & 2018 American Community Survey 5-Year Estimates

Housing Challenges | Housing Instability and Homelessness

Displacement can also result from rising rents, evictions, or foreclosures. The resulting housing instability creates challenges for all members of a household. For adults, housing stability is necessary for employment stability. A consistent commute increases chances for success in employment, which reduces overall stress and increases financial stability. For children, housing stability is a key determinant of educational outcomes. Both the timing and the frequency of school changes directly affects a child's chances for success. A lack of stable and supportive housing also results in significant individual and social costs. **When vulnerable populations have unmet needs for permanent supportive housing, they may enter a state of homelessness or become frequent users of emergency or crisis services**.

2007-2018 Point-in-Time Counts



Eviction Rates in 2016*

Charlottesville, VA	**1.7**
Culpepper, VA	2.67
Fredericksburg, VA	3.89
Richmond, VA	11.44
Duluth, MN	0.65
Portland, OR	1.07
Stillwater, OK	1.87

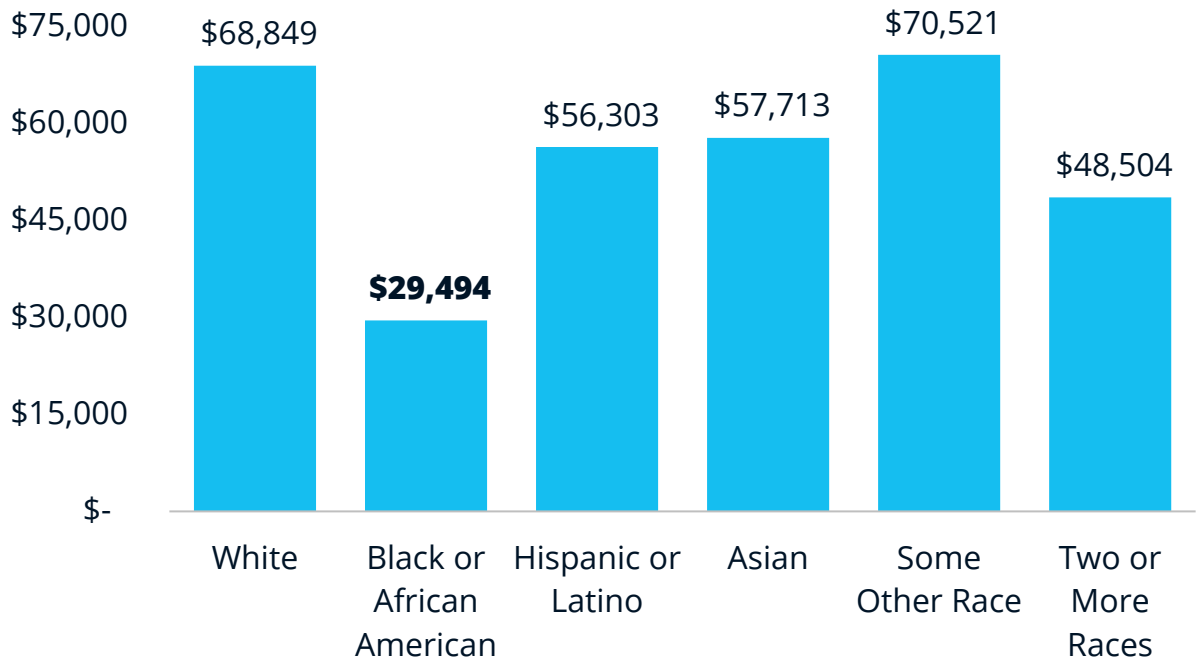
**Number of renter households evicted per 100 renter-occupied households in a year*

Source: HUD Exchange, Eviction Lab

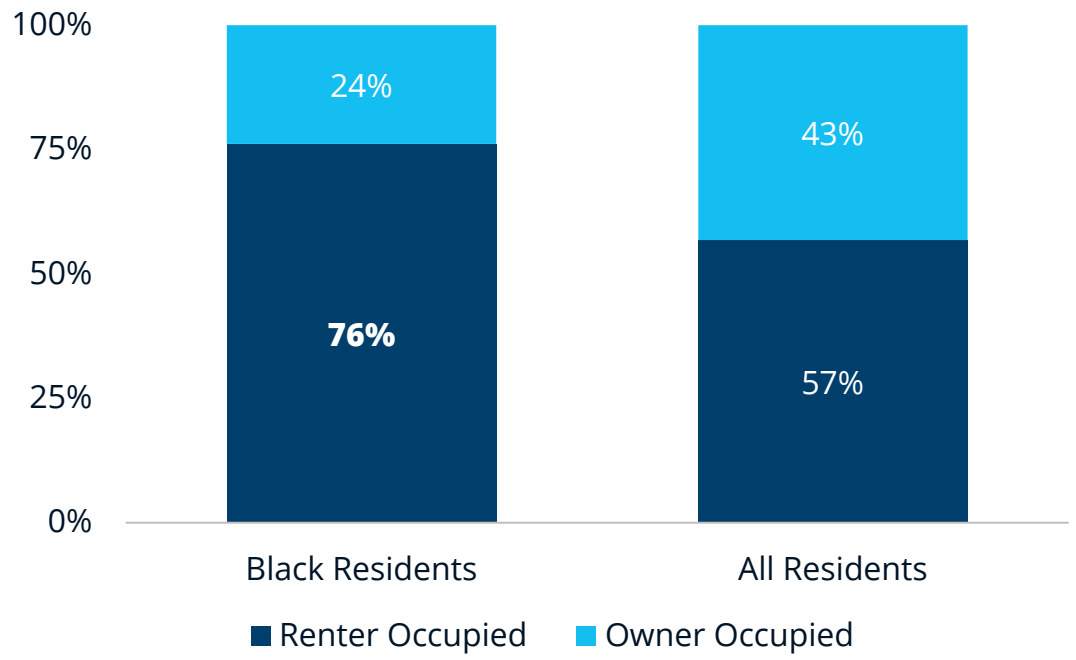
Housing Challenges | Racial Inequities

Black households earn significantly less than other households in Charlottesville, just over half the median income for the city. This inequity is further illustrated by the homeownership gap: while renters account for 57% of all residents, 76% of Black residents are renters.

Median Income



Residents by Tenure



Source: U.S. Census 2018 American Community Survey 5-Year Estimates

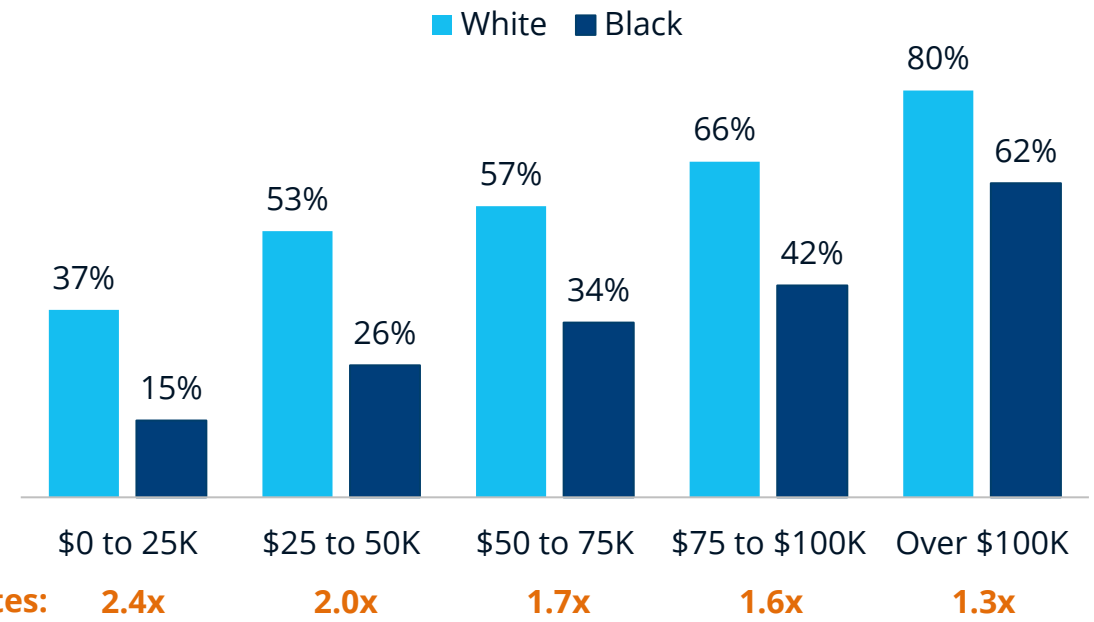
Housing Challenges | Racial Inequities

America's housing markets have been shaped by a legacy of policies that created and enforced racial segregation and limited opportunities for BIPOC households. Residents of cities across the country continue to face differences in outcomes and opportunities as a result of race.

Black homeowners and white homeowners have a drastically different experience in Charlottesville; from 2010 to 2018, Black homeownership decreased while white homeownership increased. Homes in majority Black census block groups are valued at just over half the value of homes in majority white census block groups, despite the median income of those same block groups having less than a $100 difference. Even when controlling for income, Black households have consistently lower homeownership rates than white households. The racial homeownership gap is widest at the lowest income bands.

Shift in homeownership, 2010 – 2018	**+13%** White Households	**-12%** Black Households
Median home value, 2018	**$345,961** in Majority white Census Block Groups	**$193,920** in Majority Black Census Block Groups

Homeownership Rate by Income Band by Race in the Charlottesville Region, 2018



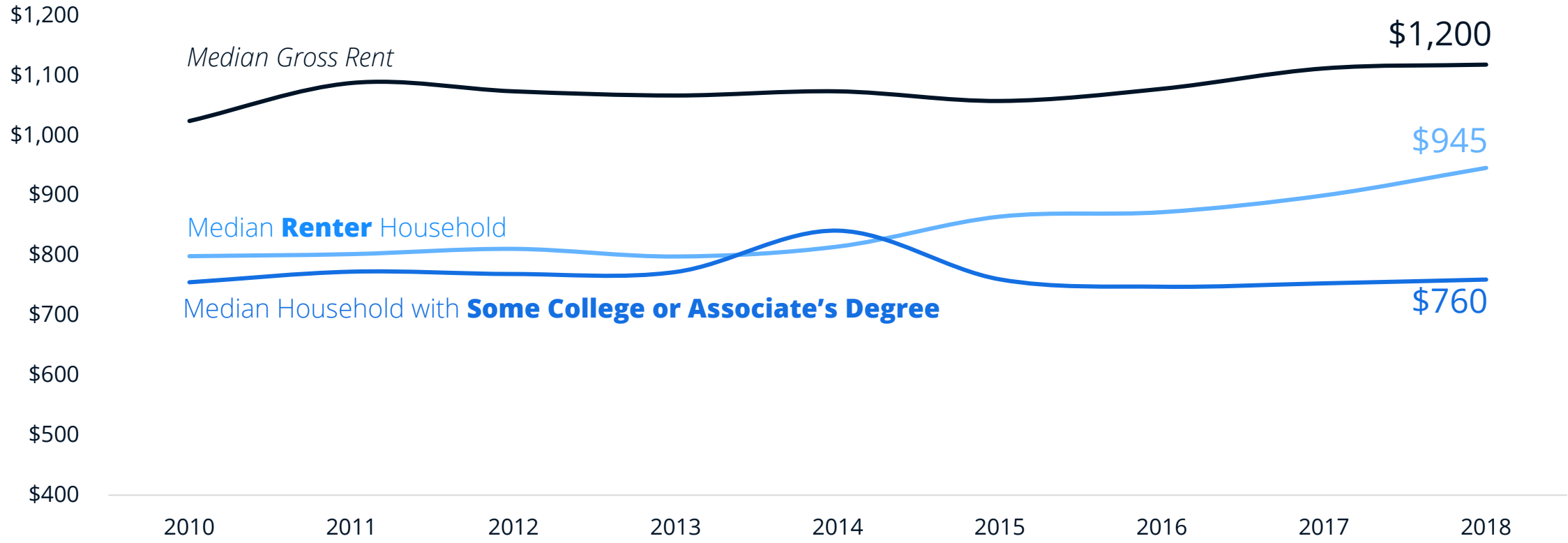
Ratio between white and Black homeownership rates: **2.4x** **2.0x** **1.7x** **1.6x** **1.3x**

Source: U.S. Census 2018 American Community Survey 5-Year Estimates, 2014-2018 Public Use Micro-Survey (PUMS) 5-Year Data for the Public Use Microdata Area containing Charlottesville

Housing Challenges | Low and Stagnant Wages

As rents rise and the availability of affordable rental homes declines, it is increasingly difficult for low-income households to find quality housing options they can afford. Though median renter income has grown in recent years, median gross rent is still far above what the median renter can afford. The disparity is even greater in households that do not have a Bachelor's degree. **Households with an Associates Degree or some college education make up 29% of all renter households**. For those households, median incomes have remained stagnant since 2015, and are far below the median gross rent.

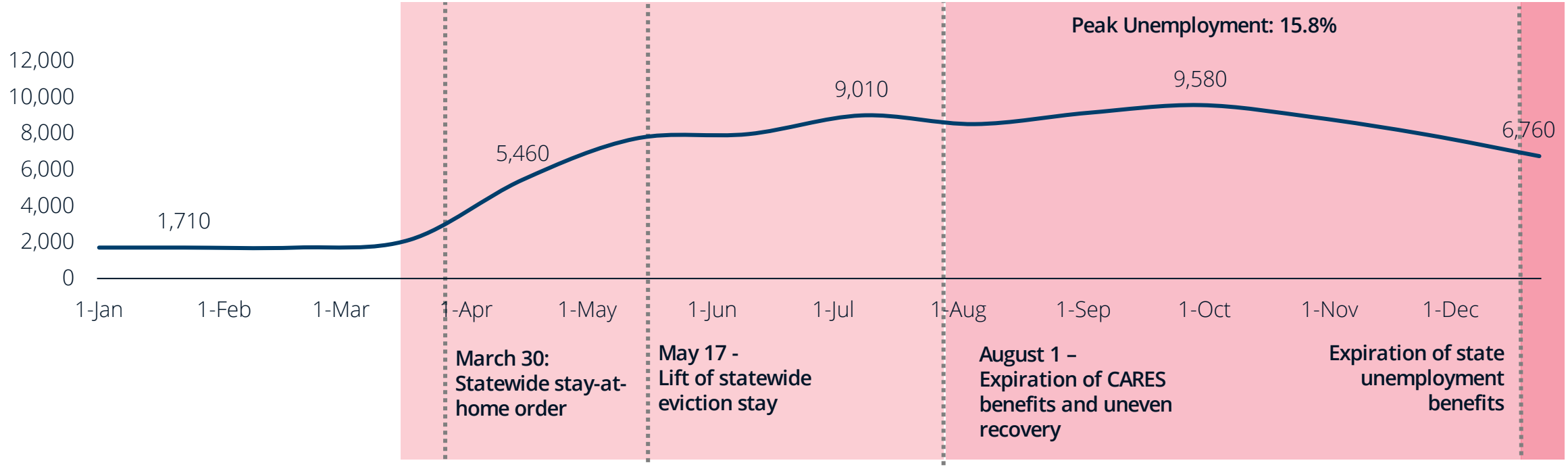
Median Gross Rent versus What the Median Renter Household can Afford to Pay



Source: U.S. Census 2009-2018 American Community Survey 5-Year Estimates. Figures adjusted for inflation.

Housing Challenges | COVID-19

The economic impacts of COVID-19 have exacerbated housing affordability challenges across the country, including in Charlottesville. Loss of income is the leading cause of housing insecurity for low- and moderate-income households. If the unemployment rate remains high, Charlottesville is likely to see a sharp increase in evictions and foreclosures as restrictions on evictions are lifted. As the pandemic-induced economic crisis persists, Charlottesville's residents will face **multiple waves of housing insecurity, with the peak likely arriving in the fourth quarter of 2020.** The impacts of increased housing insecurity are likely to be **felt most acutely by households earning less than $50,000,** and housing insecurity will **disproportionately impact BIPOC and renters** in Charlottesville. An emergency housing strategy, in addition to the Affordable Housing Plan, that **combines expanded legal aid with a financial assistance program** is likely to be necessary to address the scale of housing insecurity. The City and its partners have been working to plan for emergency housing needs in response to COVID-19. In addition, **COVID-19 has had a near-term impact on the City's budget** as priorities have shifted to meet the near-term need.



Funding

FINAL DRAFT

Funding | Purpose

Funding appropriations for housing should reflect the importance of housing issues through a consistent and aggressive funding commitment. The City should provide funding that is…

Transparently and Competitively Allocated

As with any funding target, housing programs and projects should be funded through a transparent and competitive process. The transparency and competitiveness of the process should serve to make the process of applying for funding more reliable by using clear and rigorous criteria.

Consistent and Predictable

Programs that are more consistently funded will have greater impact. In addition, the steadiness and predictability of funding is important for nonprofits to plan for and manage capacity and capital investments. While there may be limitations to what Council can formally commit to in advance, the City should make a formal commitment to consistently and predictably fund housing through the Charlottesville Affordable Housing Fund. To do so, the City will need to identify a dedicated funding source.

Shaped by Clear Priorities and Bold Commitments

Charlottesville's funding commitments for housing should be driven not only by the city's overall housing supply gap as identified in its housing needs assessments, but also by bold goals that maximize public benefit, such as to push the depth and duration of affordability.

Regularly Monitored and Reported

City spending on housing should be monitored by City staff, advocates outside of government, and the community at large. Describing the level of investment and impact is necessary to ensure that the public understands the level of commitment the City has made to affordable housing, and to understand the impact of this spending.

Funding | Recommendations

Charlottesville should make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

In particular, the City should implement the following recommended changes to its funding policies:

Scale	**Dedicate $10M per year to fund affordable housing, to** (1) increase the number of subsidized affordable homes by 1,100 homes (on top of an existing stock of 1,630 actively subsidized homes), (2) preserve 600 existing subsidized affordable homes, and (3) stabilize 1,800 to 2,200 owner and renter households facing housing instability.
Consistency	**Identify a sustainable and reliable source of dedicated funding** to sustain this level of funding for ten years.
Targeting	**Target funding towards extremely low-income households** to ensure that public funding is targeted to incomes with the greatest need. Allocate 40% of funding to serve households with incomes up to 30% of Area Median Income (AMI), 40% of funding for households earning up to 60% AMI, and 20% of funding for households earning up to 80% AMI.

E.g., for a three-person household:	30% AMI: $23,350	60% AMI: $50,760	80% AMI: $67,600

	Attach funding awards to community representation, duration of affordability, and leverage of non-public funds. Projects that receive public funding should be administered and governed by organizations that directly represent the beneficiaries of housing assistance. Funding awards should also incentivize permanent affordability of both renter- and owner-occupied housing. Finally, public dollars should incentivize maximum leverage of federal, state, and private funding.
Transparency	**Clearly identify overall housing expenditures** within the City's budget, and publish metrics on program funding, capacity, and impacts to create accountability and measure progress towards housing goals.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the anticipated impacts of these changes.

See appendix for full table of Area Median Incomes and affordable rents in Charlottesville.

Funding | Scale and Consistency

RECOMMENDED CHANGES

The City of Charlottesville should dedicate $10 million per year to invest in housing affordability over the next ten years. This proposed figure of $10M represents *total*—not additional—spending, and it represents *local* spending, not including additional funding provided through state or federal sources. As appropriate, direct subsidy should be centralized and allocated through the Charlottesville Affordable Housing Fund.

The City has historically "spent" close to $2M per year on household tax relief, provided to low-income households through the Charlottesville Housing Affordability Program and to elderly and disabled households through the Real Estate Tax Relief program. This allocation, which supports housing stability for low-income homeowners, should be highlighted within the City's housing budget.

The majority of the $10M should be allocated to direct subsidy. These expenditures include both "**capital**" subsidies used to build and preserve affordable homes, such as financing for public housing redevelopment and single-family infill development, and "**operating**" subsidies provided on an ongoing basis, such as emergency rental assistance and property tax relief. This funding includes the City's current commitments to affordable housing programs including CSRAP and planned new subsidized housing developments. As appropriate, the allocation of these funds should be made **through the Charlottesville Affordable Housing Fund (CAHF) with input from the CAHF committee**.

As part of its $10M annual commitment, the City should set aside $1M in funding each year for administrative costs and capacity building. This is a standard practice for housing departments, programs, and funds. These funds would pay for the personnel required for a variety of tasks: to run a competitive process to award funds; monitor and evaluate impact; enforce compliance; design and develop new housing policies; provide technical assistance for funding recipients to improve their expertise and effectiveness; and provide training for new board members of the HAC, especially those who are community representatives and might not work on housing professionally.

Funding | Scale and Consistency

CONTEXT

The City has already recently made significant commitments for future spending on housing. These commitments effectively fulfill the recommended $10M commitment through 2025.

$40M Capital Improvement Program funding commitment, 2020-2025

Some of these commitments have been detailed in the City's Capital Improvement Program (CIP), which allocates about $40M between 2020 and 2025 towards a number of housing programs.

$5.25M
Rental vouchers through the Charlottesville Supplemental Rental Assistance Program (CSRAP)

$15M
Public housing redevelopment

$17M
Friendship Court project

$3.125M
Housing rehabilitation and residential energy conservation

Other annual housing expenditures, average of historical and projected spending 2020-2025

In addition to these commitments made in the CIP, the City has historically supported other housing programs through tax relief and through other direct subsidies allocated through the City's operating fund.

$1.7M
Average annual property tax relief for low-income, disabled, or veteran homeowners

~$500K
Vibrant Communities Fund, competitively allocated to various housing nonprofits

Funding | Scale and Consistency

CONTEXT

Charlottesville has committed a significant amount of funding for a city of its size. A commitment of $100M over ten years would put Charlottesville in the top tier of cities making strong and lasting commitments to affordable housing.

For the sake of comparison, the table below focuses on only funding used for direct subsidy, excluding property tax relief and administrative costs. Therefore, Charlottesville's commitment shows $70M, excluding an estimate of $10M for administrative costs and $20M for tax relief over ten years.

	Raleigh, NC	Durham, NC	Richmond, VA	Washington, D.C.	Charlottesville, VA
Funding Commitment Size and Sources	**$80M** bond	**$95M** bond (in addition to $65M of existing expenditures, part of **$160M** housing plan)	**$80M** from dedicating tax revenues from properties phasing out of partial tax exemption	**$100M+** through housing trust fund, from transfer taxes and general fund	**$70M** in direct subsidy funding
Time Period	5 years	5 years	10 years	annual	10 years
Population	470,000	275,000	230,000	685,000	50,000
$ Per Capita Per Year	$34	$116	$35	$146+	$140

Funding | Scale and Consistency

RECOMMENDED CHANGES

Charlottesville needs to identify one or more dedicated funding sources to sustain its commitment to affordable housing beyond 2025. Increased spending on housing will require either reallocating funding from other programs within the existing budget, or creating new fees or taxes that expand revenue sources.

If funds cannot be reallocated from other priorities to support ongoing housing programs, the City will need to more closely evaluate potential funding sources. This analysis will need to consider several key factors:

Legality	Revenue potential	Revenue stability	Equity
Is this form of tax or fee legal in Virginia?	How much revenue is this tax or fee estimated to yield on an annual basis?	Does the tax or fee provide a reliable and stable source of funding?	Does the fee's impact on the tax base meet the City's equity goals? Is the tax regressive?

Examples of revenue sources used for housing trust funds elsewhere in Virginia include:

Property tax increase

Additional property tax dedicated to housing

Example: Richmond, VA

Meals tax

Additional tax on restaurant food and beverage sales

Example: Alexandria, VA

Developer contributions

Impact fee on new market-rate residential development

Examples: Alexandria, VA; Fairfax, VA

Charlottesville currently funds its housing programs through general fund and capital fund contributions. Charlottesville already uses these and other revenue sources to fund a variety of programs. **To sustain a $10M annual commitment over time, the City will need to evaluate potential revenue sources** as well as its other policy and funding priorities, such as schools and Main Street improvements, to balance available resources with the City's goals. This evaluation of opportunity and need should **consider the near-term fiscal impacts of COVID-19**, which has impacted some City revenues and intensified funding needs across a spectrum of priorities.

Funding | Scale and Consistency

CONTEXT AND RECOMMENDED CHANGES

Local funding commitments will be particularly important in the face of limited and declining federal and state support. Federal and state funding for housing has been limited, and while the City should continue to pursue and advocate for this funding, it is not likely to increase. Public spending on affordable housing has declined over several decades for political and structural reasons, and local jurisdictions cannot rely on an infusion of federal resources to address local housing issues.

To the extent possible, it is also crucial that funding be secured consistently. Fiscal year 2021 represents an extreme example of this challenge, as the level of funding for housing was significantly reduced due to budget impacts from the COVID-19 pandemic. Even before this fiscal year, though, spending on housing programs varied significantly, driven by one-time funding for large capital projects. This inconsistency has presented multiple challenges to the efficacy of housing programs in the city. Program administrators are less able to plan for their own operating and capital expenditures, relying on limited philanthropic dollars to fill emergency needs, and the City has less ability to award funding efficiently through a competitive process when funding is responsive to developer requests.

While the City Council cannot commit funds on behalf of a future City Council, Charlottesville must still make a policy commitment to affordable housing and develop a funding approach, such that community partners can plan around an approach that future City Councils will reliably adopt.

All programs should continue to seek to leverage as much private financing and additional public funding as possible, relative to Charlottesville's contributions. For example, for every dollar that the City invested into Low-Income Tax Credit developments in 2018 – 2019, an additional three to seven dollars of public or private financing was secured to amplify the impact of local dollars. The City should continue to leverage philanthropic dollars, below-market-rate private lending, federal subsidy, and regional sources of funding.

Regional Funding for Housing

The City and regional stakeholders should consider the potential for a **regional affordable housing funding agreement** to jointly provide funding from Charlottesville, Albemarle County, and potentially other jurisdictions to support affordable housing development and programming, particularly **within the urban ring**.

A regional funding agreement would allow for greater efficiency in housing production, as it would facilitate the streamlining of programs that serve the region, create flexibility to pursue the most cost-effective projects within the region, and reduce administrative overhead. Given the shared authority and tax relationship between the City and County for the urban ring investments should be shared between the two. **The County and City should establish an agreement about how to coordinate investments within the urban ring to have the greatest impacts.**

In Wake County, North Carolina, the City of Raleigh and the County have separate housing funds and they collaborate with each other to make coordinated investments in LIHTC projects and other affordable housing development to leverage each others funding. Albemarle County and the City of Charlottesville should consider establishing a similar partnership.

Funding | Scale and Consistency

POTENTIAL IMPACTS

What could be achieved with $100M in investments over 10 years?

With $10M in average annual spending over ten years, Charlottesville could grow its existing stock of subsidized homes by nearly 70 percent, preserve nearly 40 percent of existing subsidized housing at risk of becoming unaffordable or obsolete, *and* provide direct assistance annually to up to 2,000 households facing housing instability.

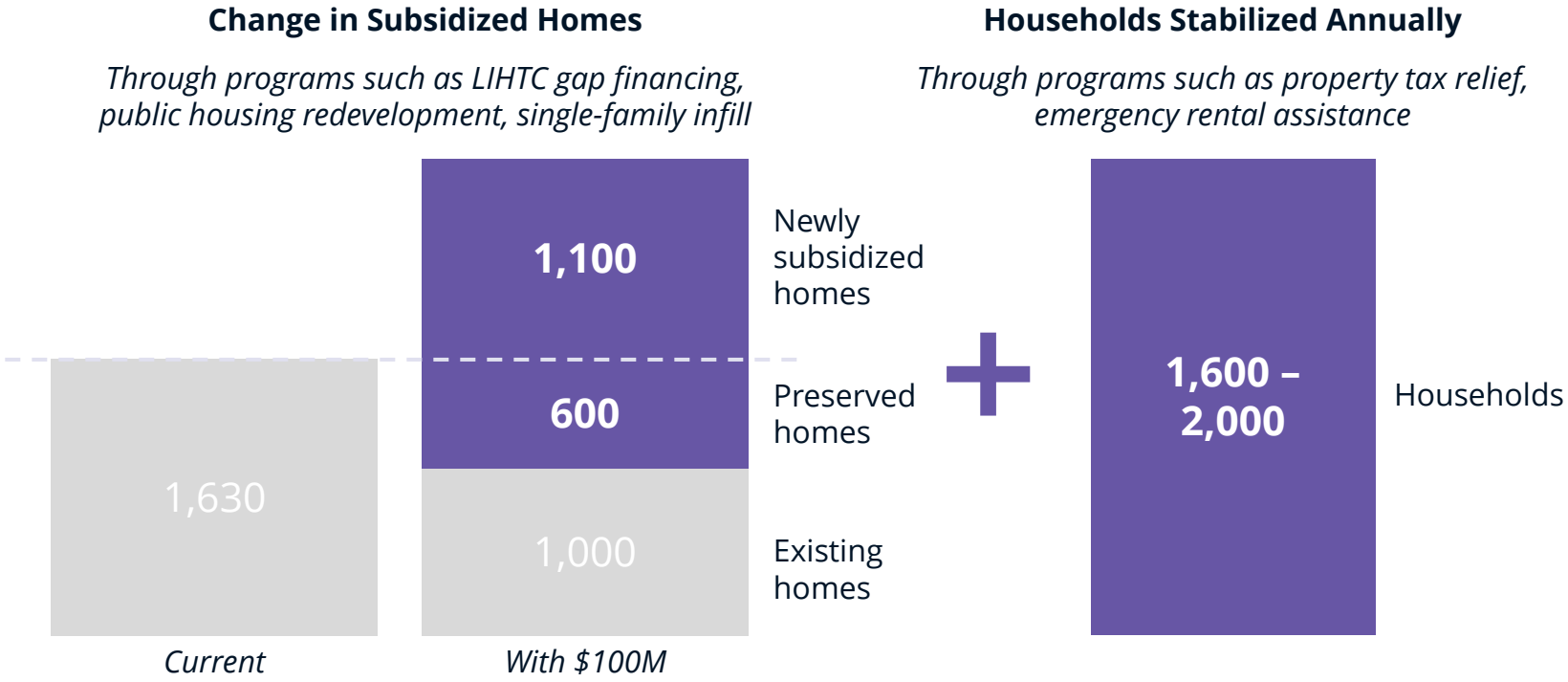
The resulting level of production shown is only possible if funds are used efficiently and leverage private investment as well as state and federal resources—and, to this end, it will be essential to thoroughly underwrite all funding awards. Combining the subsidy tools represented here with land use reform and tenants' rights tools will potentially decrease costs and expand program benefits, further increasing the impact of public dollars. Of the other tools, inclusionary zoning would directly contribute to the production of additional homes, which are not included in the estimate below.

Estimated impact of $100M in spending over 10 years

These impact figures assume the following costs:

- For newly subsidized homes, between $35K to $50K per home for new construction, up to $50K for down payment assistance, and approximately $25K for owner-occupied repairs
- For preserved homes, up to $20K through an acquisition fund, and between $45 to $50K per public housing home.
- For stabilized households, annual costs of up to $1,500 for property tax relief, $5K for emergency relief, and $9K for vouchers

These numbers represent one potential distribution of funding—the actual impact will depend on City Council's final funding allocations, informed by recommendations by the CAHF Committee.



Funding | Targeting

RECOMMENDED CHANGES AND IMPACTS

Place constraints on funding as appropriate to target funding towards uses that achieve public goals.

Beyond the overall scale and level of funding, the City should also consider what constraints it will place on where its funding should go, as a way of balancing commitments to different issues and goals.

Income Levels

Set a goal of targeting 40% of funding to serve households with incomes up to 30% of AMI, 40% of funding for households earning up to 60% AMI, and 20% of funding for households earning up to 80% AMI.

Out of an annual $10M budget with $1M reserved for administrative costs, this means that $3.6M will go to households earning up to around $22K, $3.6M will go to households earning up to around $45K, and $1.8M will go to households earning up to around $60K. These figures represent the income bands for two-person households; refer to the appendix for a full table of income bands by household size.

Income Targeting

Income level Served	Income for Two- and Four-Person Household	Target Allocation, Percentage	Target Allocation, Over 10 Years
Up to 80% AMI	Two: $60,100 Four: $75,100	20%	$18M
Up to 60% AMI	Two: $45,120 Four: $56,340	40%	$36M
Up to 30% AMI	Two: $22,350 Four: $28,150	40%	$36M

Funding | Targeting

RECOMMENDED CHANGES AND IMPACTS

Beyond the overall scale and level of funding, the City should also consider what constraints it will place on where its funding should go, as a way of balancing commitments to different issues and goals.

Community Representation

Set a community representation standard for all organizations receiving funding: The leadership and board of organizations that receive City housing funding should be reflective of the communities they are serving and include residents who are participating in City-funded housing programs. Reflection of the community served and inclusion of those participating in the program are two separate but related expectations. Residents who participate or have participated in housing programs have insight into how to reform housing programs to increase their effectiveness and should be represented in the decision-making process. In most communities, those who benefit directly from affordable housing have been excluded from the decision-making process. A lack of representation can unintentionally reinforce existing economic inequities and power imbalances.

Charlottesville should adapt existing precedents for community representation to fit its racial justice focus. There are a range of approaches to community representation: from setting minimum requirements as HUD does for Community Housing Development Organizations (CHDOs), to including community representation as a scoring criteria as are used for Nashville's housing trust fund (the Barnes Fund). The CAHF Committee will be charged with setting these standards and adapting them over time as appropriate.

Setting a community representation requirement is crucial to the guiding principle of racial equity, as it will push both the City and program administrators to be deliberate about overcoming historical patterns of underrepresentation of non-white populations within staffing and decision-making.

Duration of Affordability

All programs should seek the longest affordability term feasible. The City should seek 99-year affordability for rental developments receiving City assistance, such as direct project funding or funding for infrastructure improvements. Affordable homeownership ownership programs should seek to preserve affordability by encouraging homes to be sold to income-qualifying (<80% AMI) buyers. If homes are sold to households earning >80% AMI, public funding put into the property should be repaid to the City through the sale proceeds. This repayment requirement helps ensure that public funds are recycled to continually assist low-income homebuyers.

For all programs, **the Housing Trust Fund Advisory Committee should review the affordability duration criteria for each program** and adjust as appropriate.

Funding | Transparency

RECOMMENDED CHANGES

Clearly identify overall housing expenditures within the City's budget, and publish metrics on program funding, capacity, and impacts to create accountability and measure progress towards housing goals.

The City must be transparent in its expectations, priorities, and decision-making criteria through multiple stages of the funding process. Transparency of funding allocations and uses serves to maximize the impact of public funds by increasing the competitiveness of programs and deals, and by increasing public accountability towards the use of funding. Charlottesville should increase its funding transparency through the following means:

Visibility of spending on housing in budget	**Make housing expenditures a clearer line item in the City's budget or clearly report on housing funding allocations and expenditures**. The full extent of the City's spending on housing should be made clear within the budget or an annual housing report, both to give credit to existing efforts around housing, and to be able to more accurately monitor trends in spending on housing over time.
Availability of monitoring data	**Provide production and cost data for homes created and households served**. The per-unit or per household cost, total program costs, and total program capacity of different affordable housing programs should be published and monitored. This data would allow funders, City staff, and civic leaders track the impact of public funds in delivering housing services.
Measurement and evaluation of impacts of housing spending	**Adopt best practices in performance measurement for housing**, disaggregating performance data by outputs (what the city is *doing*) and outcomes (what ultimate impacts the City's spending is *having* on housing affordability). This data should be monitored regularly, with data collected on an ongoing basis and reviewed on a monthly to quarterly cycle. These metrics should be directly incorporated into budget requests and funding applications. Data should also be disaggregated by race and income level.
Competitiveness and standardization of RFP process	**Create transparent and rigorous process for evaluating** projects, programs, and program administrators that receive public funds. The City should award funds through a competitive process, in most cases by request for proposals that are scored based on experience, capacity, alignment with public policy goals, efficiency, leverage, and other relevant criteria. Without a competitive process, the cost of producing affordable housing will rise and the number of households who benefit will decrease.

Funding | Transparency

D.C.'s Housing Production Trust Fund, the Nashville Barnes Fund, and Pittsburgh's Housing Opportunity Fund publish annual reports on the number of households served by funding, and the income levels of those households.

D.C. Housing Production Trust Fund Annual Report

HOUSEHOLDS ASSISTED/FUNDING BY INCOME GROUP (Multi-family)

	Extremely Low Income 0 - 30% AMI	Very Low Income 31 - 50% AMI	Low Income 51 - 80% AMI
FY2015	517 Units 21,801,065 39% of units	280 Units 7,951,455 21% of Units	545 Units 30,597,006 41% of Units
FY2014	77 Units 3,344,036 9% of Units	173 Units 7,270,228 20%` of Units	604 Units 29,678,795 71% of Units

MULTI-FAMILY PROJECTS AWARDED, UNITS, FUNDING, AND PROJECT TYPE

	# Projects, Units and Award Amounts	Project Type			
		Loans	Grants	Homeownership	Rental
FY2015	19 Projects 1,342 Units 60,349,526	19 Projects 1,342 Units 60,349,526	0 Projects 0 Units 0	3 Projects 98 Units 2,976,389	16 Projects 1,244 Units 57,373,137
FY2014	16 Projects 826 Units 40,252,380	16 Projects 826 Units 40,252,380	0 Projects 0 Units 0	4 Projects 85 Units 6,324,546	12 Projects 741 Units 33,927,834

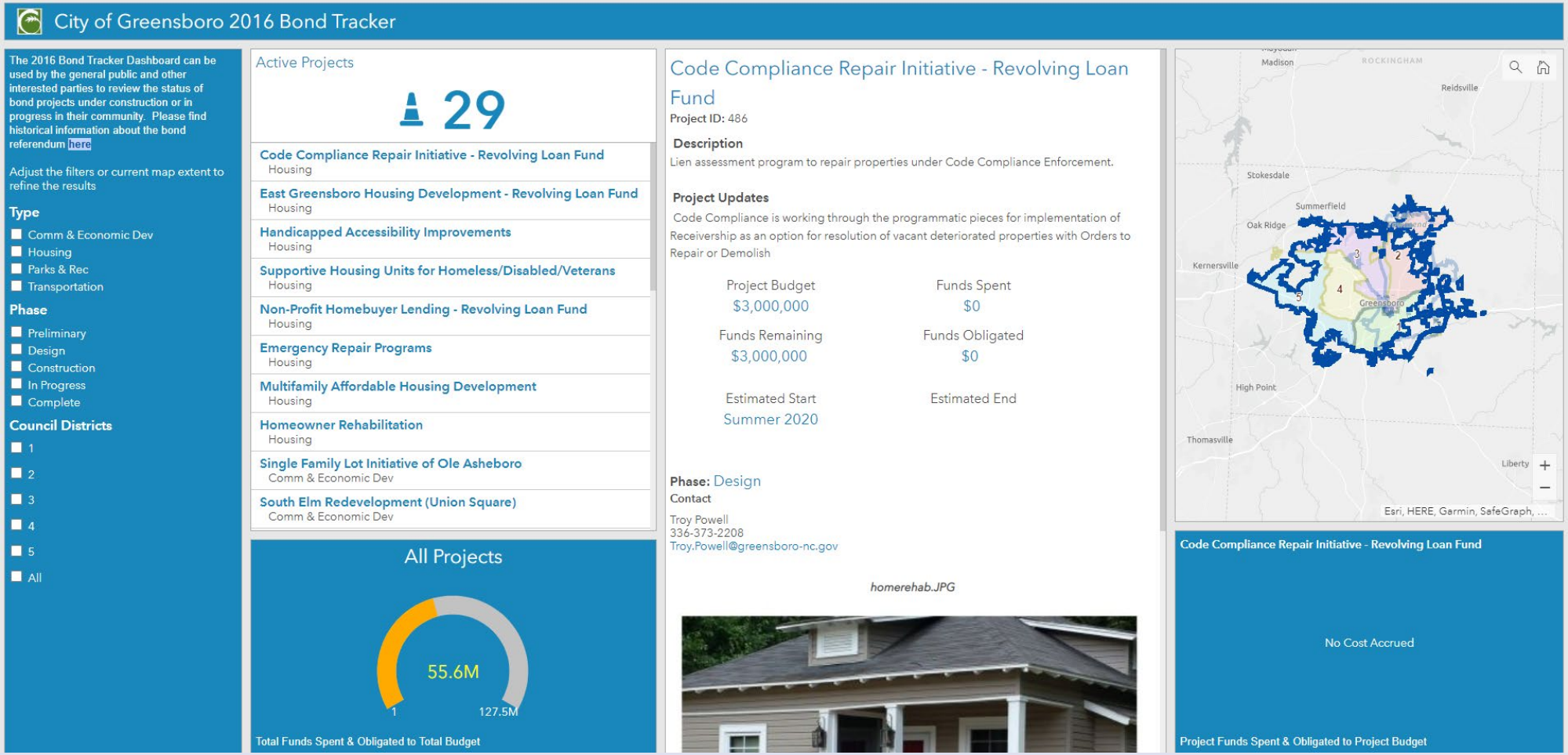
Pittsburgh Housing Opportunity Fund

2018 Annual Allocation Plan (AAP)

AMI Level	30%	50%	80%	Total	Estimated Units / Households Served
Required Allocation	50%	25%	25%		
Housing Stabilization	$0.5M	$0.25M		$0.75M	186
Rental Gap Financing	$2.5M	$1.375M		$3.875M	100
Owner-Occupied Rehabilitation	$1.5M	$0.625M	$0.25M	$2.375M	100
Down Payment/Closing Cost			$0.75M	$0.75M	125
Affordable For Sale Development Program			$1.25M	$1.25M	14
Administration			up to $1M		
Total	$4.5 M	$2.25 M	$2.25 M	$10 M	525

Funding | Transparency

The City of Greensboro uses an online, interactive bond tracker to allow the community to track bond projects, including housing projects, that are in progress within their communities.



Governance

FINAL DRAFT

Governance | Purpose

Governance structures shape the efficacy and equitability of decision-making, which ultimately determine housing program implementation and community outcomes. Best practices that will ensure successful governance include:

Formalize processes to **set priorities for the use of public funds**

Include and empower community voices, including those who benefit from publicly-funded housing programs, in decision-making processes

Build trust in public processes by providing clear communication about priorities and reducing conflicts of interest and perceptions of conflicts

Ensure the successful implementation of recommendations by **aligning City capacity with needs and priorities**

Governance | Recommendations

Charlottesville should build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

Setting clear roles and increasing the presence of BIPOC representation and those who participate in housing programs for the City's staff and governance bodies is necessary for the effective implementation of the Charlottesville Affordable Housing Plan and addressing racial equity. In particular, the City should implement the following recommended changes to its governance structures:

Housing Advisory Committee (HAC)	**Reform the structure and function of the Housing Advisory Committee** to represent a broader range of viewpoints and focus on housing policy recommendations and not funding allocation.
Charlottesville Affordable Housing Fund (CAHF) Committee	Empower a committee with community and staff representation to make recommendations about the **priorities and distribution of the CAHF**.
City Staff Capacity	Realign priorities, increase capacity, and empower staff to **collaborate with advocates and respond to community needs**.
Standardized and Competitive Funding Process	Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes.

Governance | Inclusive Governance

The Importance of Including Diverse Community Voices

Public input gathered as part of Cville Plans Together provides a clear illustration of the importance of including diverse community voices in the City's decision-making. In public surveys and stakeholder interviews, the priorities of housing professionals and residents from marginalized populations including BIPOC reflected different priorities for affordable housing. Many housing professionals emphasized the importance of rental affordability, particularly for Charlottesville's lowest-income residents. However, disaggregated public survey responses by race and ethnicity, and by homeowner status, shows that homeownership is a priority concern for Black and Latinx community members, as well as a higher concern for renters than homeowners. **To reflect the needs and priorities of its community, the City's governance structures need a diversity of perspectives, not just from housing professionals but inclusive of community voices and beneficiaries of housing programs.**

Building Inclusive Governance throughout Charlottesville's Affordable Housing Infrastructure

Charlottesville can take concrete steps to bring diverse voices into its decision-making processes, and to build inclusivity throughout its Affordable Housing infrastructure, including public and nonprofit entities that receive City funding. The governance recommendations outline steps to advance inclusive governance, including through reforming the Housing Advisory Committee, forming a new Committee to govern the Charlottesville Affordable Housing Fund (CAHF), setting goals and scoring criteria for recipients of CAHF funds to incorporate diverse voices into their decision-making processes, and expanding City housing staff. To advance this work across these entities, the City should:

- Develop an onboarding process including affordable housing training available to all new members of public and nonprofit boards and commissions, as well as leadership, to support successful participation.
- Provide funding from the CAHF administrative budget for the provision of this training and other programs that build the capacity of community members to serve.
- Monitor the success of these programs and make changes as needed to meet diverse participation goals.

Survey Respondents Who Believe that Homeownership is a Critical Issue in Charlottesville:

76% Black or African American respondents	**50%** White or Caucasian & respondents
74% Hispanic or Latinx respondents	**50%** Asian or Asian American respondents
63% Renters	**47%** Homeowners

Source: Cville Plans Together Public Survey (Spring 2020)

Governance | Housing Advisory Committee

Reform the structure and function of the Housing Advisory Committee to build trust and improve its impacts.

CONTEXT

Charlottesville's Housing Advisory Committee (HAC) is a public committee intended to provide City Council with recommendations about housing policy and priorities. The HAC has the potential to be an important link for Council to access community housing needs and priorities, but the current structure limits both its impact and its authority, and its activities have expanded beyond its initial purpose.

RECOMMENDED CHANGES

HAC reform should restructure the committee to achieve a better balance of representation aligned with the guiding principles of racial equity, regional collaboration, and a comprehensive approach to housing, and refocusing HAC efforts on advising and advocating for affordable housing priorities. The City should:

- Refocus the HAC on its stated purpose of monitoring affordable housing issues and providing City Council with recommendations about housing policy priorities, as well as championing and advancing the implementation of the Affordable Housing Plan, monitoring progress, and issuing an annual report on affordable housing in Charlottesville.
- Reduce the total number of seats on the HAC from 21 to between 10 and 15, and make all seats Council-appointed, keeping the current 2-year terms and 4-term limits.
- Increase the representation of BIPOC, including housing professionals and community members.
- Ensure that HAC members include beneficiaries of housing programs and subsidized housing residents.
- Give regional representatives voting power.
- Develop an onboarding process including affordable housing training for new members, particularly community members, to support successful participation.
- Continue to encourage public attendance at HAC meetings to ensure larger participation is possible.
- In the longer term, determine ways for the HAC to become a regional body that serves and represents the City of Charlottesville and Albemarle County, including through a joint funding agreement.

Charlottesville's Housing Advisory Committee is a public committee. Per the City's website, the purpose of the 21-member committee is to provide City Council with recommendations regarding housing policy and affordable housing priority, and research and discuss trends and ideas in affordable housing

Governance | Housing Advisory Committee

IMPACTS

Adding community voices and reducing the representation of organizations receiving City funding will build trust in the HAC by limiting perceptions of conflicts of interest and setting clearer mandates for both the HAC and City staff.

GUIDING PRINCIPLES

Racial Equity The Housing Advisory Committee must be a body that supports and affirms the City's commitment to racial equity in housing. Toward that end its membership must be rebalanced to expand the representation of BIPOC, including both housing professionals and community members. An onboarding process will be critical to ensure that community members are empowered to participate fully in setting priorities.

Regional Collaboration Full participation from regional representatives will be important to identify opportunities for City and regional priorities to align. The HAC can also serve as a conduit for the City to engage with the Regional Housing Partnership and identify areas for deeper collaboration, and may eventually serve and represent both the city and county.

Comprehensive Approach The HAC should consider and make recommendations for the City to pursue a balanced and comprehensive mix of affordable housing programs, including land use, subsidy, and tenants' rights, as well as supporting a full range of housing options for residents including rental and ownership opportunities.

IMPLEMENTATION

Lead and Partners
City Manager, Council, and Staff
Housing Advisory Committee

Action Items

1. The City Council will redefine the role and membership of the HAC, including guidelines to ensure a diverse and inclusive membership, and appoint new members
2. City staff in coordination with existing HAC members will develop and implement an onboarding process for new members

Timeframe
Immediate (within 1 year)

HAC Overview

Membership	10-15 members • 2-3 affordable housing providers (recipients of City funds) • 2-3 real estate professionals (may include brokers, lenders, developers, architects, etc.) • 2-3 at-large community members • 2-3 affordable housing residents or beneficiaries • 2-3 regional representatives
Responsibility	Provide City Council with recommendations about housing policy priorities. Champion and advance the implementation of the Affordable Housing Plan. Issue an annual report on affordable housing in Charlottesville.
City Staff Role	Administrative
Terms & Appointment	Council-appointed, keeping the current 2-year terms and 4-term limits for consecutive service

Governance | Charlottesville Affordable Housing Fund Committee

Empower a committee with community representation to make recommendations about the **priorities and distribution of the CAHF**.

CONTEXT

The City currently struggles to identify and act on clear priorities for the Charlottesville Affordable Housing Fund (CAHF). Current governance structures do not provide a forum for City staff, community members, nonprofit stakeholders, and advocates to discuss housing priorities and recommendations before they are put before Council. Historically, this has slowed the appropriation and distribution of funds set aside for the CAHF and inhibited collaboration around the implementation of funding. There is also a perceived conflict of interest in the role that nonprofit stakeholders who receive funding from the CAHF play in making recommendations on funding allocations.

RECOMMENDED CHANGES

The City should designate a committee to make recommendations about priorities for the use of CAHF funds, to set targeting and scoring criteria for CAHF-funded programs and to review City staff recommended awardees. This should be a separate committee from the HAC. The City Council should appoint members and may choose some representatives from among HAC members. The committee should have equal representation from City staff, affordable housing practitioners, and community members including those who are impacted by housing investments, such as public housing residents or recipients of down payment assistance or other affordable housing program funds. The City should develop an onboarding process including affordable housing training and City budget training for members. Committee members who intend to apply for City funding will not be eligible to vote on the allocation of funding or participate in the review of applications.

IMPACTS

Designating or establishing a committee with this structure would provide a clear mandate for City leadership to guide funding decisions, supported by City staff and community members. This will help the City deploy funds to meet its housing needs. The recommended CAHF committee will ensure that the community's voices are included in decisions about the use of City funds to support affordable housing, provide an improved process to manage and eliminate conflicts of interest, and create a forum for direct engagement and collaboration between City staff, community members, and housing professionals.

A Housing Trust Fund (HTF) is a locally-controlled fund dedicated to support affordable housing programs. Charlottesville's HTF is called the Charlottesville Affordable Housing Fund (CAHF) and is the primary vehicle for local funding to support affordable housing subsidy.

Governance | Charlottesville Affordable Housing Fund Committee

GUIDING PRINCIPLES

Racial Equity Empowering community members impacted by Charlottesville's housing investments, including BIPOC, will help the City to advance racial equity in housing through its investments. The CAHF Committee must support and affirm the City's commitment to racial equity in housing. An onboarding process will be critical to ensure that community members are prepared to participate fully in making budget recommendations.

Regional Collaboration It should be the goal of the City and the CAHF committee to develop a regional Housing Trust Fund that can use be used to support the development of affordable housing within the region. The City and the CAHF committee should also engage the University of Virginia to identify opportunities to make joint investments in affordable housing.

Comprehensive Approach While the HAC is charged with taking a more comprehensive view of housing policy in Charlottesville, the CAHF Committee will be primarily concerned with subsidy tools, but should have opportunities for discussion with the HAC and consider opportunities for the City to allocate funding to support land use changes such as subsidized ADUs, and to tenants' rights tools such as paying into a legal services fund for tenants facing eviction. The CAHF committee will make recommendations about the use of CAHF funds to support a range of potential housing options for residents including rental and ownership opportunities.

IMPLEMENTATION

Lead and Partners
City Manager and Council
Committee Members

Timeframe
Immediate (within 1 year)

Funding Needs
None

CAHF Committee Overview

Membership	9 members • 3 affordable housing providers and advocates • 3 affordable housing residents or beneficiaries • 3 City staff • Should include no more than 3 HAC members
Responsibility	Provide City Council with recommendations about the budget and use of CAHF funds. Comment and make recommendations on scoring & selection criteria, with final criteria set by City staff. Review & comment on funding award selections, with final selections made by City staff.
City Staff Role	Substantive
Terms & Appointment	TBD

Governance | Charlottesville Affordable Housing Fund Committee

Example Models for Housing Trust Fund (HTF) Governance

	Richmond Affordable Housing Trust Fund Oversight Board Richmond, VA	**Atlanta Beltline Affordable Housing Advisory Board** Atlanta, GA	**Cambridge Affordable Housing Trust** Cambridge, MA
Sample Responsibilities	• Oversee the administration of the HTF and programs funded by the HTF • Evaluate loan and grant applications • Submit an annual report and other updates to City Council and Mayor • Monitor compliance of funding recipients • Ensure fund sustainability	• Make recommendations to the City on goals and policies related to the use of the HTF • Provide semi-annual reports to the City Council and Mayor	• Advises on housing programs and policies to City staff and leadership • Sets criteria for reviewing proposals for programs, policies, and developments • Serves as the loan committee for awarding of funds
Sample Rules	• Membership has staggered 3-year terms • Chaired by an appointed City Council member (nonvoting) • No funding may be awarded to persons serving on the board or to entities in which board members have a personal interest	• Members serve 2-year terms with a 3-term limit	• Membership appointed by City Manager • City Manager serves as an ex officio member

Governance | Charlottesville Affordable Housing Fund Committee

A conflict of interest arises when there is a divergence between a CAHF Committee member's private interests and their obligations to the CAHF Committee, such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by consideration of personal gain, financial or otherwise. In order to avoid any potential conflict of interest with the mission of the CAHF Committee, the City and the CAHF Committee should adopt a statement to guide the Committee on issues of potential influences on disclosure and recusal.

Example Conflict of Interest Policy

The function of the CAHF Committee is solely to provide perspective and advice to City staff and City Council on the use of CAHF funds. The CAHF Committee does not have the authority to make decisions for the City.

The CAHF Committee has a duty to make recommendations in the interest of the public good, to both be, and to be perceived as, independent and credible advocates for the CAHF without regard to the private interests of its CAHF Committee members.

Definition of conflict of interest: A conflict is any interest in a transaction or decision where a CAHF Committee member (including the member's business or other nonprofit affiliations); or a CAHF Committee member's family, and/or significant other, close associates or employer will receive a benefit or gain. Family should be defined as "parents, spouse/significant other, siblings, children, grandchildren, grandparents, aunts, uncles, and first cousins." This policy addresses two types of potential conflicts of interest: (1) conflicts related to project/program funding award recommendations and (2) conflicts related to the creation of the annual allocation plan and/or programmatic policies/procedures/Requests for Proposals.

Conflicts related to project/program funding award recommendations: If a CAHF Committee member has a conflict of interest, such as a conflict regarding a funding recommendation for a specific project under consideration by the Committee, the Affected member(s) will recuse themselves from relevant Committee discussions and votes and absence themselves from the room during the relevant discussion (which shall be noted in the minutes).

Conflicts related to the creation of the annual allocation plan and/or programmatic policies/procedures/Requests for Proposals: If a CAHF Committee member has a programmatic conflict of interest, such as may arise in the discussion of the Annual Allocation Plan, the member will disclose their interests which may present a conflict or appearance of a conflict to the group at the beginning of the meeting. The member will immediately disclose any additional conflicts which arise in the course of discussion. All conflict disclosures shall be noted in the minutes. When the Annual Allocation is presented for a vote, the annual allocation plan will be voted by line item/activity. The member should recuse himself/herself from the portion of the vote related to the line item/activity where the Member has a conflict.

Duty of Disclosure: Although members of the CAHF Committee serve in a purely advisory capacity, they will submit an annual written disclosure to the Committee chair any private interests that may cast doubt, or even the appearance of doubt, on their ability to serve the CAHF Committee impartially, disclose conflicts of interest in Committee meetings as described by this policy, and agree to be bound by this Conflict-of-Interest policy.

Governance | City Staff Capacity

Realign priorities, increase capacity, and empower staff to be **collaborative with advocates and responsive to community needs**.

CONTEXT

The size of Charlottesville's housing staff is appropriate for a small city, but the scale and complexity of housing programs in Charlottesville is equal to that of a much larger city. There is a culture in which City staff can be at odds with the development community and the advocacy community, which limits the effectiveness of housing and development policies.

RECOMMENDED CHANGES

To ensure the successful implementation of the Affordable Housing Plan, Charlottesville needs to increase the capacity of City staff to effectively administer its housing programs and manage development processes, set clear priorities and measures of success for its programming, and make staff beholden to those priorities. In addition, the City should:

- Set annual production goals for City performance related to housing development and affordability, and track metrics related to the impact of the City's housing programs and development activity, disaggregating data by race, ethnicity, and income level.
- Assess the appropriate place for housing staff within City government—whether within Neighborhood Development Services, within another department, or as a separate department or entity.
- Assign a staff person to be the liaison or lead for affordable housing development, taking responsibility for moving development through the approval and inspection process quickly and efficiently.
- Incorporate City staff in the CAHF committee and encourage collaboration to set funding priorities.
- Develop a standardized competitive process to award funding for affordable housing.
- Work with affordable housing developers to reduce the cost of the development of affordable housing.
- Provide clear communication about staff roles and City processes and priorities to external partners, and clear paths for community feedback to the City.
- Prioritize the recruitment of housing staff that reflect the communities served by housing programs.

Governance | City Staff Capacity

IMPACTS

Incorporating these changes into City processes related to development review, neighborhood services, and housing affordability programs will enhance the City's capacity to advance the Affordable Housing Plan.

GUIDING PRINCIPLES

Racial Equity To successfully support racial equity in housing, Charlottesville's Housing staff and Neighborhood Development Services staff need to apply a racial equity lens to decision-making, develop clear paths for community feedback to staff, and reflect the diversity of Charlottesville's residents.

Regional Collaboration City staff need to dedicate time to liaising with the City's regional partners to align and collaborate on housing and planning activities.

Comprehensive Approach City staff will need to work across departments and specializations to jointly address land use, subsidy, and tenants' rights.

IMPLEMENTATION

Lead and Partners

Housing Staff
Neighborhood Development Services
City Manager and Council

Action Items

1. The City will set goals for development and housing programs, review current staffing, and make changes to accommodate new priorities and increase staff capacity. This should include hiring or designating an affordable housing liaison for developers.
2. The City will establish standardized competitive funding processes or administrative capacity for each program as appropriate.
3. The City will track its performance against established goals on production and cost per home.

Timeframe
Immediate (within 1 year)

Housing Staff in Charlottesville & Other Cities

City	City Housing Staff
Charlottesville, VA	**Housing & Redevelopment** • Housing Program Coordinator • Planner II/Grants Coordinator • Redevelopment Manager
Richmond, VA	**Housing & Community Development** • Director & Deputy • Management Analyst • Homeless Prevention (5) • Affordable Rental Housing & Neighborhood Transformations (3) • Homeownership (4)
Raleigh, NC	**Housing & Neighborhoods** • Director • Community Development (26) • Code Enforcement (28) • Community Engagement (17)
Durham, NC	**Community Development** • Director • 23 staff in program management, compliance, community development, etc.

Governance | Roles & Responsibilities

	Housing Advisory Committee (HAC)	Charlottesville Affordable Housing Fund (CAHF) Committee	City Housing Staff
Role	The HAC will monitor affordable housing issues in Charlottesville and the implementation of the Affordable Housing Plan. Based on this work, the HAC will make recommendations to City Council about policy priorities, advise on existing housing priorities (homeownership, homelessness, etc.), recommend new programs or tools, such as an acquisition fund, land bank, or inclusionary zoning and educate the broader public on Charlottesville's affordable housing challenges and the programs in place to address them. The HAC will champion the Affordable Housing Plan and issue an annual report on affordable housing in Charlottesville.	The CAHF Committee is responsible for overseeing the use of CAHF funds. This includes recommending the allocation of the annual budget for the Charlottesville Affordable Housing Fund across the City's programs. In addition, the CAHF committee will set scoring criteria and targeting recommendations for programs funded through the CAHF, and review City staff recommendations for fund awards.	The role of the City's housing staff will be to implement the recommendations of City Council as informed by the HAC and the CAHF committee. City staff will manage a competitive solicitation and award process for City-funded housing programs, by issuing solicitations, scoring applications, and negotiating agreements with selected applicants. In addition, staff will lead the design and implementation of programs in collaboration with other City departments as appropriate.
Member-ship	10-15 members • 2-3 affordable housing providers (recipients of City funds) • 2-3 real estate professionals (may include brokers, lenders, developers, architects, etc.) • 2-3 at-large community members • 2-3 affordable housing residents or beneficiaries • 2-3 regional representatives	9 members • 3 affordable housing providers and advocates • 3 affordable housing residents or beneficiaries • 3 City staff • Should include no more than 3 HAC members	Not Applicable
Terms & Appoint-ment	Council-appointed, keeping the current two-year terms, with a limit of four consecutive terms.	To Be Determined	Not Applicable

Governance | Standardized Competitive Funding Processes

Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

CONTEXT

Charlottesville provides funding in the form of grants and loans to support a range of affordable housing programs. Currently, requests for gap financing for new Low-Income Housing Tax Credit (LIHTC) developments are reviewed by the City on a case-by-case basis; Community Development Block Grant (CDBG) and HOME funds requests are awarded through a Request for Proposals process overseen by a CDBG/HOME taskforce, and requests for funding from the Charlottesville Affordable Housing Fund (CAHF) are made based on a Notice of Funding Availability (NOFA) and application process, with off-cycle funding requests reviewed on a case-by-case basis. Scoring criteria for CAHF fund applications include the number of homes developed or preserved that are affordable to households earning less than 80% of AMI, project readiness, and the leveraging of CAHF funds, as well as the project's support for the housing goals in the comprehensive plan. The relative weight or importance of these scoring criteria, and thresholds for performance, are not specified in the application materials for CAHF funds. Particularly for LIHTC development, the level of subsidy required on a per home basis appears high and warrants a closer evaluation.

RECOMMENDED CHANGES

Establishing clearer criteria and processes, particularly for development loans for LIHTC and loans and grant awards from the CAHF, will help the City better align the use of its funds with its affordable housing goals and underwriting priorities. In particular, the City should make the following changes:

- Work with the CAHF committee **to enumerate target funding amounts by program type** each year (e.g. LIHTC gap financing, homeownership programs, housing preservation).
- Establish a **request-for-proposals (RFP) process** for funds that clearly defines scoring criteria including target affordability levels and leverage of CAHF funds. In particular for LIHTC development funding requests, establish clear and competitive thresholds for the amount of local subsidy per home, location of project, and other criteria as relevant to City goals. Organizations competing for City funding will not be allowed to vote on budget allocations or awards.

Governance | Standardized Competitive Funding Processes

(CONT'D)

- Score projects based on applicant's organizational and financial capacity and experience, efficiency and leverage of funds, alignment with public policy goals, and inclusion of community representation.
- Produce an **annual report on the investment and impact of funds**, noting metrics related to City goals including reducing racial disparities and production or preservation of homes by affordability level.

IMP-ACTS

Incorporating these changes into City funding processes will enhance the City's capacity to advance the Affordable Housing Plan and ensure that public expenditures are underwritten in line with City affordable housing goals to maximize potential impacts.

GUIDING PRINCIPLES

Racial Equity To successfully support racial equity in housing, the City and CAHF committee should ensure that all projects and organizations funded help to advance Charlottesville's racial equity goals, through community representation in decision-making, prioritization of the use of funds, and minimizing potential barriers to access.

Regional Collaboration If the City pursues regional funding opportunities through a regional housing trust fund, it should incorporate similar processes to ensure the efficient use of funds within the region.

IMPLEMENTATION

Lead and Partners
Housing Staff
CAHF Committee
City Manager and Council

Action Items

1. The City will conduct a review of existing scoring, evaluation, administration, and reporting processes and revise or replace as appropriate.
2. The City will work with the CAHF committee to establish allocation targets, production goals, and regular reporting for the use of CAHF funds.
3. The City will track its performance against established goals.

Timeframe
Immediate (within 1 year)

Governance | Standardized Funding Processes

Sample HTF Allocation Plan

Program	30% AMI	50% AMI	80% AMI	Total
LIHTC Gap Financing	33%	66%		$2,500,000
Owner-Occupied Rehab		50%	50%	$500,000
Down Payment Assistance			100%	$1,000,000
Emergency Rental Assistance	80%	20%		$500,000
Administrative Costs				$500,000
Total				**$5,000,000**

Metrics for Evaluation of Programs

To ensure that City funds support the City's goals and commitment to racial equity, it will be critical to track metrics related to city-funded developments and programs.

- **Program Impact and Cost** (e.g. number of homes, cost per unit, local subsidy per unit, total subsidy per unit, tenure type, length of affordability, affordability level)
- **Beneficiary Data** (e.g. race, location, income, household size)
- **Alignment** (e.g. were regional partners involved?, does funding recipient include diverse community representation in decision-making?, does this program complement other tools as part of a comprehensive approach?)

Sample LIHTC Project Scoring Criteria

Category	Points	Comments
Development Team Experience	7	
Site Control and Zoning	8	
Organization Financial Information	10	
Program & Construction Design	25	Incl. provision of home buyer education & design compatibility
Type of Activity	5	New construction vs. rehab
Project Financial Information	25	Request as % of total cost, leverage of funds
Alignment with City Goals	15	E.g. location near main transit lines
Developer Fee from HTF	5	
Bonus Points	Varies	Incl. universal design or green design, providing deeper affordability (e.g. more 30% AMI homes)

Land Use

FINAL DRAFT

Land Use | Purpose

Land use policies shape where housing is located, what housing looks like, and how much housing is built. These tools should serve to…

Increase access to opportunity.

Land use policies should create more housing in areas of opportunity such as near main transit lines, jobs, or in mixed-income neighborhoods, but must also be designed to prevent displacement of low-income residents due to increased investment and rising housing costs.

Redress racial segregation.

Historically, land use policies across the U.S. have used overtly racist covenants to deny homebuying opportunities to non-white Americans. Single-family zoning is a reflection of this practice. Revising single-family zoning to increase the supply of affordably priced housing in areas of opportunity is a critical step to undoing the legacy of racial segregation and entrenched wealth inequities.

Increase housing supply to limit market pressure on rents and home prices.

The City of Charlottesville and Albemarle County are expected to add 15,000 households by 2040.[1] Housing prices are growing rapidly as demand exceeds supply. The region must build more housing to prevent pricing pressure, and to ensure that residents have equitable options to access schools, access jobs, and age in place.

Support affordability without additional demands on local funding.

Land use tools can allow cities to influence the quantity, location, and affordability of housing without needing to monetarily subsidize new development. Decreasing development costs and increasing density increase the financial feasibility of developing both market-rate and affordable housing—especially in areas of opportunity.

1. Comprehensive Regional Housing Study and Needs Assessment, TJPDC

Land Use | Limitations

Land use changes can be difficult to implement and have limited ability to impact housing accessibility for the lowest income residents. The plan must acknowledge that land use tools…

Will not decrease rent.

Increasing the supply of housing can limit the increases in rent or housing costs, but typically will not drive rents lower, largely due to the costs of development and premium on rent for new construction.

May create unintended development pressures.

Increasing the development allowable by right makes land more valuable and attractive to investors. This can cause displacement pressures, particularly in neighborhoods with a high percentage of renters. Up-zoning must therefore be undertaken primarily in areas where these pressures will be limited.

Will not meet the needs of extremely low-income households.

Significant subsidy is needed to produce homes affordable to low-income residents, particularly those earning 30% of Area Median Income or less. Land use policies alone cannot increase the availability of these affordable homes.

Can face political and public approval barriers.

Easing development restrictions and reducing discretionary control over land use decreases neighborhood control over the density and form of new development. Successfully implementing land use reforms can require an ongoing commitment to community outreach and communication, as well as political will to enact proposed changes.

Land Use | Recommendations

Charlottesville should revise its **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

In particular, the City should implement the following recommended changes to its land use tools:

Multifamily By-Right	Change zoning and development processes to **increase the production of multifamily housing** and **expand feasible by-right development**, and advocate for similar changes throughout the region, to begin to reverse entrenched patterns of racial segregation.
"Soft Density" By-Right	Change the City's zoning to **allow "soft density" in single-family neighborhoods** while limiting displacement of low-income communities.
Accessory Dwelling Units (ADUs)	Increase the **flexibility to permit Accessory Dwelling Unit** (ADU) development and **provide public funding** to support affordability.
Inclusionary Zoning	**Create a mandatory inclusionary zoning policy** to increase the production of affordable homes as part of all new development.

Replicating these land use changes within the urban ring will be critical to the success of the City's land use tools by expanding their impacts on the regional housing market. The City should collaborate with Albemarle County to implement zoning and land use changes throughout the urban ring.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Land Use | Multifamily By-Right Zoning

Change zoning and development processes to **increase the production of multifamily housing** and expand feasible **by-right development**, and advocate for similar regional changes, to begin to reverse entrenched patterns of racial segregation.

CONTEXT

Charlottesville's current zoning and development policies limit the production of multifamily housing and mixed-use properties. The City needs more housing for renters of all incomes, but only three percent of the City's acreage is zoned for multifamily, and development feasibility in these areas is limited. The City's zoning limits the production and increases the cost to develop multifamily housing. Land use reform has historically faced opposition in Charlottesville, but it is crucial to accommodate growth and meet residents' housing needs.

RECOMMENDED CHANGES

The City should revise its zoning and approvals processes in order to increase by-right multifamily development. In addition, the City should support the development of enough housing to accommodate planned growth. Revisions should include:

- Where multifamily is allowed, restructure restrictions on height, density, setbacks, and parking to **ensure that multifamily and mixed-use development is feasible by-right** without a special use permit.
- Identify commercial and single-family areas suitable for rezoning to **allow multifamily development in more neighborhoods**, particularly those that are or will be served by transit, **while mitigating displacement pressure in low-income neighborhoods**.
- Revise approval processes to **limit and focus discretionary control** and reduce approval times.
- Work closely with Albemarle County to make parallel zoning changes that will **enhance the provision of multifamily housing within the urban ring**.
- **Establish a mandatory inclusionary zoning policy** as part of any revision to the multifamily zoning.

IMPACTS

Restructuring multifamily zoning and approval processes will increase the production of new housing in Charlottesville and should stabilize rents through increased supply. Encouraging the development of multifamily housing in **areas near employment or transit** will create denser urban nodes. To stabilize rents and increase housing supply, these changes must be implemented in the City and within the urban ring. These changes should also be made in tandem with establishing an inclusionary zoning policy.

"By-right" refers to development that can be built without requiring rezoning, a special use permit, or other City approvals. Allowing development by-right makes development processes more predictable and streamlined, which encourages new development.

Land Use | Multifamily By-Right Zoning

GUIDING PRINCIPLES

Racial Equity Zoning has historically been a tool to create and enforce racial segregation, so zoning reform is essential to building racial equity into housing in Charlottesville. To successfully align with this guiding principle, the zoning changes must increase access to housing near major transit lines and employment centers while limiting displacement pressures in low- and moderate-income neighborhoods.

Regional Collaboration Development of multifamily housing needs to occur within the surrounding county, as well as the city, and any regional development must be supported by transit and other infrastructure. The City can and should leverage existing regional partnerships, including the Regional Housing Partnership, to identify opportunities to coordinate in encouraging multifamily by-right development. This may include developing small area plans or joint land use plans for multi-jurisdictional areas.

Comprehensive Approach Additional multifamily development will help to increase the supply of housing and stabilize rents in Charlottesville, but it cannot increase the supply of housing affordable to low-income families. However, multifamily by-right zoning is an important precursor and support for improving the impacts of inclusionary zoning and other tools that more directly increase the supply of subsidized housing.

IMPLEMENTATION

Lead and Partners
Neighborhood Development Services
Planning Commission
City Manager and Council
Cville Plans Together

Action Steps

1. Working with the Charlottesville community, the City and Cville Plans Together will identify suitable areas for multifamily zoning and other changes needed to the land use map and zoning code.
2. The City will review development review and approvals processes and make changes as needed to align with recommendations.
3. The City will work with Albemarle County to enact similar zoning changes within the urban ring.
4. The City will develop and deploy an anti-NIMBY public education campaign.

Timeframe
Immediate (within 1 year)

Land Use | "Soft Density" By-Right

Change the City's zoning to **allow "soft density" in single-family neighborhoods** while limiting displacement of low-income communities.

CONTEXT

While "soft density" exists in many places throughout the city, **the majority of Charlottesville is currently zoned for single-family development only.** Single-family zoning has historically been a tool to create and enforce segregation, and the legacy of these policies persists in Charlottesville. "**Soft density" zoning** increases the supply of housing in single-family neighborhoods by allowing for smaller homes. "Soft density" zoning allows for housing typologies like duplexes, triplexes, and townhomes to coexist within single-family neighborhoods.

RECOMMENDED CHANGES

As part of the zoning code update, Charlottesville should identify single-family neighborhoods suitable for "soft density".

- Expanded zoning should increase the availability of housing in single-family neighborhoods that have historically had exclusionary zoning, while minimizing displacement from low-income neighborhoods.
- In addition to allowing more types of housing, the update should consider opportunities to reduce minimum lot sizes and parking requirements, as well as to make other changes that support the development of smaller and more affordable housing options.
- These changes should be reflected in the City's subdivision ordinance in addition to the zoning code.
- Identify incentives (property tax rebates, public funding, design flexibility) to support the development of affordable housing as part of new soft density development.

IMPACTS

The goal of "soft density" zoning is expanding access and lowering the cost of entry for residents to move to historically exclusionary neighborhoods, while limiting displacement pressures due to rising property values in low-income neighborhoods. Allowing new development types in single-family neighborhoods will not threaten existing single-family neighborhood form or character, but rather will create new opportunities for infill and redevelopment.

"By-right" refers to development that can be built without requiring rezoning, a special use permit, or other City approvals. Allowing development by-right makes development processes more predictable and streamlined, which encourages new development.

"Soft density" or "missing middle" housing refers to small multi-unit housing, such as townhomes, duplexes, triplexes, and quad-plexes. See pages 84 – 85 for additional information about "soft density".

Land Use | "Soft Density" By-Right

GUIDING PRINCIPLES

Racial Equity Zoning has historically been a tool to create and enforce racial segregation, so zoning reform is essential to building racial equity into housing in Charlottesville, particularly for single-family neighborhoods. To successfully align with this guiding principle, the zoning changes must limit displacement pressures in low- and moderate-income neighborhoods. Soft density can also increase access to homeownership by increasing the availability of smaller homes.

Regional Collaboration The City can and should leverage existing regional partnerships to identify opportunities to coordinate in encouraging "soft density" development. This may include working with the University of Virginia to coordinate the provision of soft density development in University-adjacent neighborhoods or developing small area plans or joint land use plans to support soft density within the urban ring.

Comprehensive Approach Adding allowed density in single-family neighborhoods will be an important complement to multifamily zoning changes and will bolster the impacts of subsidy programs to support affordable homeownership by creating new homes in existing neighborhoods.

IMPLEMENTATION

Lead and Partners

Neighborhood Development Services
Planning Commission
City Manager and Council
Cville Plans Together

Action Steps

1. Working with the public, the City and Cville Plans Together will identify suitable areas for soft density zoning and other changes needed to the land use map and zoning code.
2. The City will review development review and approvals processes and make changes as needed to align with recommendations.
3. The City will work with Albemarle County to enact similar zoning changes within the urban ring.
4. The City will evaluate and implement necessary changes to the subdivision ordinance to align with adopted zoning changes.
5. The City will develop and deploy an anti-NIMBY public education campaign.

Timeframe
Immediate (within 1 year)

Land Use | “Soft Density” By-Right

What is “Soft Density”?

“Soft density” refers to a range of types of housing that are contextual within single-family neighborhoods but accommodate multiple households. Typically this includes attached single-family development (townhomes) as well as two- to four-unit homes.

Detached Single-Family Home

Townhome

Duplex

Triplex or Quad

Mid-rise Apartment

“Soft Density” or “Missing Middle” Housing

Increasing Density

Land Use | “Soft Density” By-Right

Case Study | Expanding Housing Choices – Durham, NC

New housing construction in Durham has fallen short of population growth since 2010. As the city continues to grow, demand for housing has increased, and caused prices to jump. The amount of developable land left is limited, and the market has already forced many people to the surrounding counties because they cannot afford or find the type of housing they want. **To help stabilize housing prices and reduce economic displacement in Durham**, the City approved the “Expanding Housing Choices” initiative to allow for higher density within the Urban Tier neighborhoods of Durham in September 2019.

The initiative proposed **changes to the zoning code to allow for duplexes to be developed on single-family lots and for the creation of small-lot options**. Prior to this change, missing middle housing could only be developed in 8% of the county without special government approval. Additionally, the initiative intends to align duplexes and attached single-family homes with detached single-family standards. The “Expanding Housing Choices” effort also includes a developer density bonus, enabling developers to increase the size of projects in exchange for allotting homes for lower-income residents.

Through this initiative, the City hopes to see a **10% increase in the number of homes produced per year** to 140 homes per year by 2024. Other cities, like Portland and Minneapolis, also have “soft density” by-right initiatives that have been successful at increasing housing density within neighborhoods.

Source: The Raleigh News & Observer, City of Durham, Zillow

Land Use | Accessory Dwelling Units (ADUs)

Increase the **flexibility to permit Accessory Dwelling Unit** (ADU) development and **provide public funding** to support affordability.

CONTEXT

Charlottesville currently allows ADUs in most neighborhoods, with restrictions. However, ADUs have limited impact on affordable housing, due to the cost and complexity of building them, limitations on eligibility, and the use of ADUs as Short-Term Rentals. Recent proposals from City staff have sought to change the rules governing ADUs.

RECOMMENDED CHANGES

The City should amend its current ADU ordinance to make development approval easier to obtain and dedicate funding to make units affordable. To broaden the impact of ADUs on housing affordability, the City should:

- Increase the number of lots on which ADUs can feasibly be built by adopting proposed changes to allow ADUs in University zoning districts, increase the maximum height, and eliminate off-street parking requirements.
- Dedicate funding to provide affordable financing for the construction of ADUs in exchange for making units affordable to renters earning up to 60% of Area Median Income.

IMPACTS

Using both policy and funding to support ADUs will expand the number of ADUs in Charlottesville while producing affordable rental units. Programs in other cities including Portland and Minneapolis have demonstrated that ADUs will only support affordability if funding is available to develop affordable units. The increase in ADUs alone will modestly contribute to the availability of rental units in high-opportunity single-family neighborhoods. Paired with subsidy, it will also provide some income-restricted affordable rental units.

Accessory Dwelling Units are additional living quarters located on single-family lots, with the living spaces independent from the primary home. ADUs, sometimes called mother-in-law units, can be built as separate structures or as a part of the primary structure.

Land Use | Accessory Dwelling Units (ADUs)

GUIDING PRINCIPLES

Racial Equity Increasing the number and affordability of ADUs should increase housing accessibility in historically exclusionary neighborhoods.

Regional Collaboration University collaboration will be important to expand the provision of ADUs in University residential neighborhoods, as appropriate. The City can also work with regional partners to replicate successes.

Comprehensive Approach The recommended actions blend land use changes and subsidy to support affordability through ADUs.

IMPLEMENTATION

Lead and Partners
Neighborhood Development Services
Planning Commission
City Manager and Council
Cville Plans Together
CAHF Committee

Action Steps

1. The City and Cville Plans Together will identify height, parking, and setback changes.
2. Following engagement and communication about proposed changes, the City will adopt a revised ADU ordinance.
3. The new CAHF committee (a recommendation within this document) will set priorities for the use of funds and determine the level of funding for affordable ADUs.
4. The City will issue an RFP and manage ADU subsidy funds, directly or through a nonprofit manager.

Timeframe
Near Term (within 18 months)

Land Use | Accessory Dwelling Units (ADUs)

Case Study | Boston Home Center ADU Loan, Boston, MA

In 2017, The Boston Planning & Development Agency (BPDA) approved a pilot program for the neighborhoods of the Jamaica Plain, Greater Mattapan, and East Boston, to allow owner occupants to create ADUs within their homes. This 18-month program was intended to increase affordable housing options, create safer living arrangements, and support multi-generational family arrangements, as well as opportunities to age in place. To make ADU construction more affordable, the Boston Home Center offers loans that provide gap funding for qualified program participants. The Home Center ADU loan is a **zero-percent interest deferred payment loan of up to $30,000 for home renovations**. These loans have no monthly payments, and does not come due for repayment until the owner sells, transfers ownership, or undertakes a cash-out refinancing of the home.

To qualify for a Home Center loan, applicants must first be approved for an Additional Dwelling Unit (ADU) permit. Applicants must also have a household income at or below 135% of the Area Median Income. If an applicant's income is between 120-135%, the applicant must provide a dollar-for-dollar match of the loan amount.

By February 2019, 55 applications were filed, and 12 permits issued, the majority of which were basement conversions. In April 2019, the BPDA approved a text amendment to make this program permanent and citywide. **Mayor Walsh also announced an expansion of $650,000 for the Home Center ADU loan program.**

Source: The Boston Planning & Development Agency

Land Use | Accessory Dwelling Units (ADUs)

ADU Programs: Financial Assistance

Over the past few years, cities and counties around the country have been rolling out financing tools to assist and incentivize the development of ADUs. Nationwide, these local ADU loan programs are getting off the ground in "pilot" phases and are continually evolving. Major differences between offerings include:

1. Whether the product is an **interest-bearing loan, a forgivable loan, or a grant**;
2. Maximum **loan amount** (higher vs. lower LTV); and
3. **Requirements on borrowers to rent-restrict the ADUs** (affordability level and term).

The difference in the products reflect differences in local policy goals, public resources for the programs, and borrower demographics. These products are typically developed after community outreach to determine need and interest.

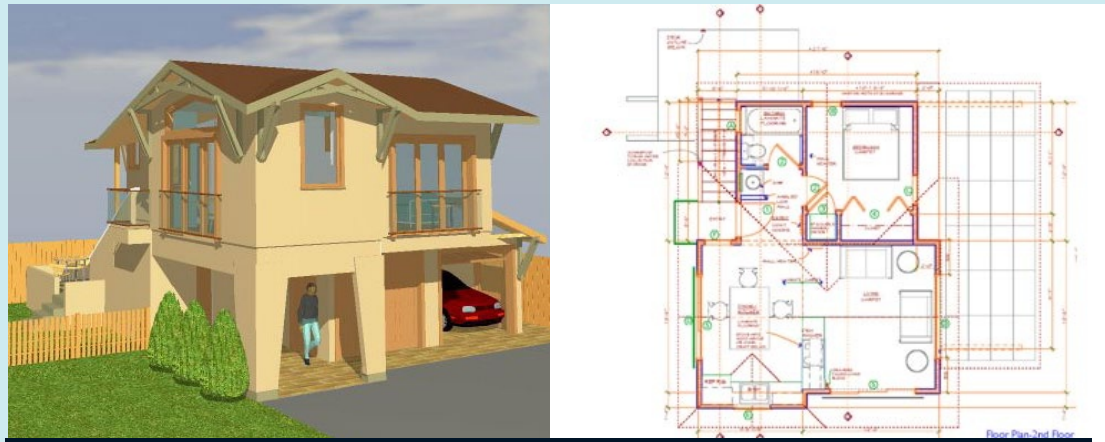
	Boston	Santa Cruz	Santa Cruz Senior Program	Los Angeles	San Jose (*proposed*)
Affordability Requirement	None	<= 80% AMI	<= 60% AMI	<80% AMI	<=120% AMI
Maximum Loan Amount	$30,000	$40,000	$80,000	$10,000 ***grant***	$20,000 ***forgivable loan***
Loan term	Repayable upon sale or transfer	20 years, Deferred	30 years, Deferred	3 years	Forgivable after 5 years
Interest Rate	0%	3%	3%	0%	0%
Other Requirements	Borrower must income-qualify	n/a	Borrowers must be seniors (62+)	Must participate in regular check-ins	Affordability level set based on size of ADU
Lending Partner	Boston Home Center	County of Santa Cruz	County of Santa Cruz	City of LA	Housing Trust of Silicon Valley

Land Use | Accessory Dwelling Units (ADUs)

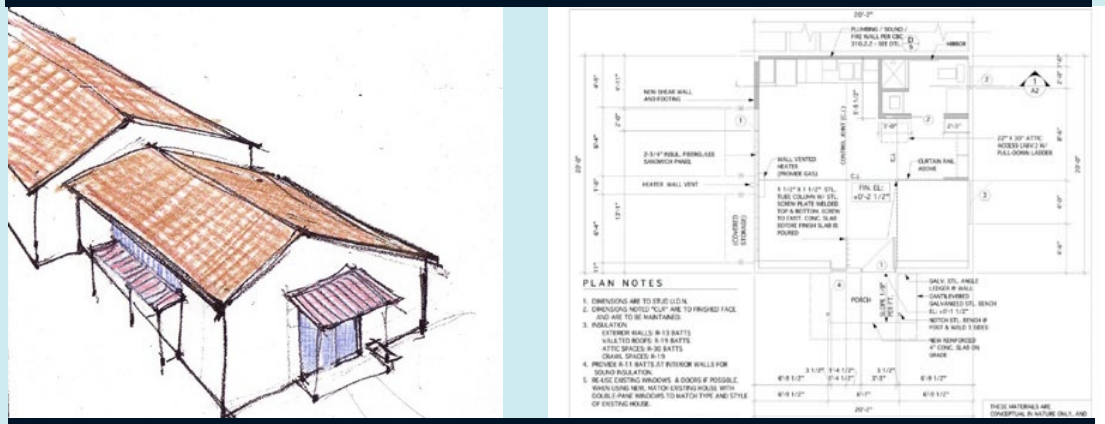
ADU Programs: Design Assistance

Design can be one of the biggest hurdles for homeowners considering adding an ADU. By creating a menu of ADU concepts that can be customized by applicants, the City can help reduce the barrier to entry for homeowners. An initial step taken by both the City of Boston and the County of Santa Cruz in launching their ADU programs was to identify a set of typologies that were most likely to be built based on physical characteristics of the local housing stock.

Boston published diagrams to help potential applicants understand whether their homes were compatible with ADUs, and defining the different ADU configurations that may be possible, including within the envelope of an existing home ("carve-out ADUs"). The County of Santa Cruz took this concept and design legwork a step further, working with architects to publish designs and sample floor plans for several different ADU typologies of various sizes.



Sample design and floor plan for "Detached ADU over garage" concept



Sample design and floor plan for "Garage Conversion ADU" concept

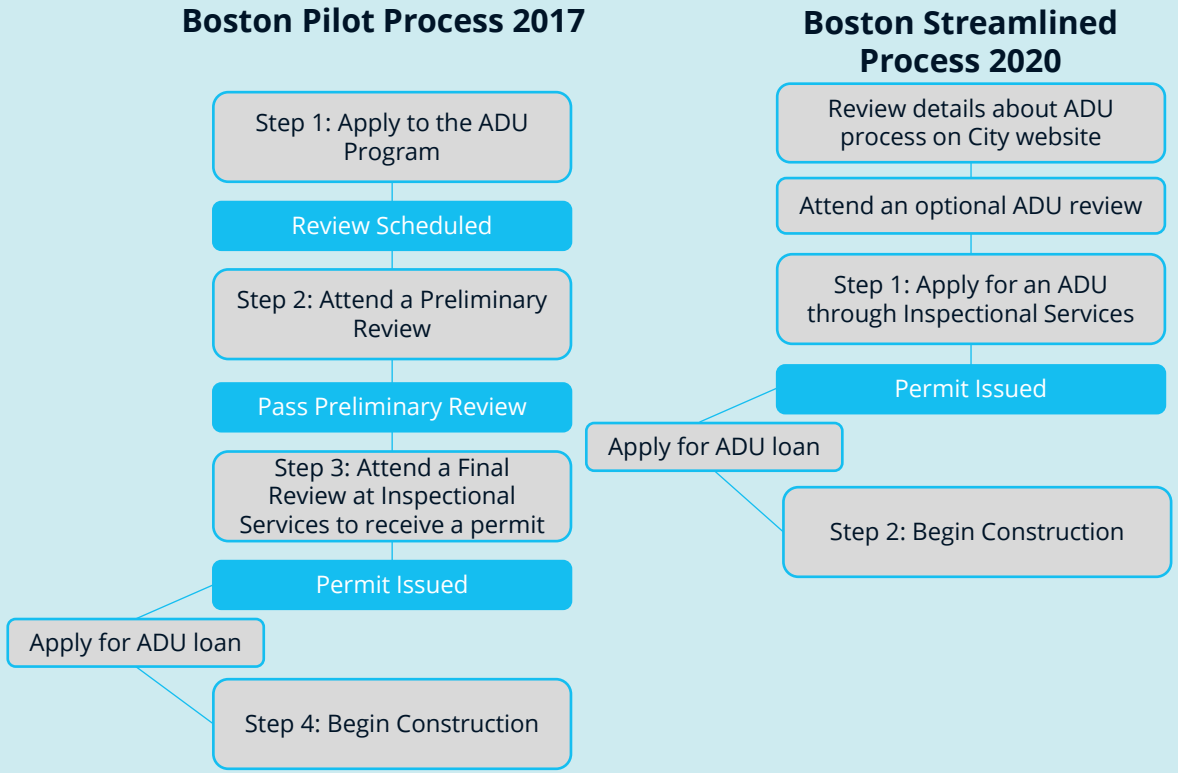
Source: County of Santa Cruz

Land Use | Accessory Dwelling Units (ADUs)

ADU Programs: Permitting Assistance

Boston: Boston's pilot program showed a significant drop-off between interested homeowners and those who successfully completed the permitting process at the end of the pilot period. The City conducted participant outreach to determine that the most common reasons for this drop off were time lags between required reviews and moving between steps in a complex permitting process. Following the pilot program, the City worked to streamline the ADU process, reducing the number of City administrative approvals and increasing the amount of upfront information available through the city website.

San Jose: The City of San Jose has also streamlined its building permit process for ADUs to meet the Mayor's goal of becoming "the State's friendliest ADU city." The City has implemented an express review service on Tuesdays, where homeowners can make appointments to meet directly with city staff for a single, comprehensive review of their ADU application. If no revisions are needed, homeowners could potentially walk out with a building permit in less than 90 minutes.


Boston Pilot Process 2017
Step 1: Apply to the ADU Program
Review Scheduled
Step 2: Attend a Preliminary Review
Pass Preliminary Review
Step 3: Attend a Final Review at Inspectional Services to receive a permit
Permit Issued
Apply for ADU loan
Step 4: Begin Construction
Boston Streamlined Process 2020
Review details about ADU process on City website
Attend an optional ADU review
Step 1: Apply for an ADU through Inspectional Services
Permit Issued
Apply for ADU loan
Step 2: Begin Construction

Source: City of Boston, City of San Jose

Land Use | Accessory Dwelling Units (ADUs)

ADU Programs: Engagement & Outreach

Successful ADU programs include hands-on technical assistance and ongoing communications with homeowners.

Points of Contact with the Community

Assessing Interest

Surveying Homeowners

San Jose: San Jose is currently conducting a survey of homeowners in the city that will **assess level of interest** in constructing an ADU, financial need, and a palatable balance between loan amount and affordability requirement. The results of the survey will inform the terms of City's financial assistance.

Homeowner Education

Design & Permitting Support

Boston: Boston holds monthly **public workshops** in order to provide feedback on design, financing, and construction in advance of a permit application. Many homeowners need hands-on guidance to comply with code standards, and hosting workshops helps to alleviate the time-burden of this homeowner support on staff.

Affordability Compliance

Compliance

For programs with affordability requirements tied to financial assistance, cities will often help homeowners **identify eligible tenants**.

Homeowners are typically asked to self-report and provide tenant **income certifications** each year which are reviewed by the City.

Ongoing ADU Marketing

Ongoing Program Marketing

All programs have conducted **targeted marketing** prior to launching and continue to identify channels to spread the word about the benefits of ADUs and the city's offerings.

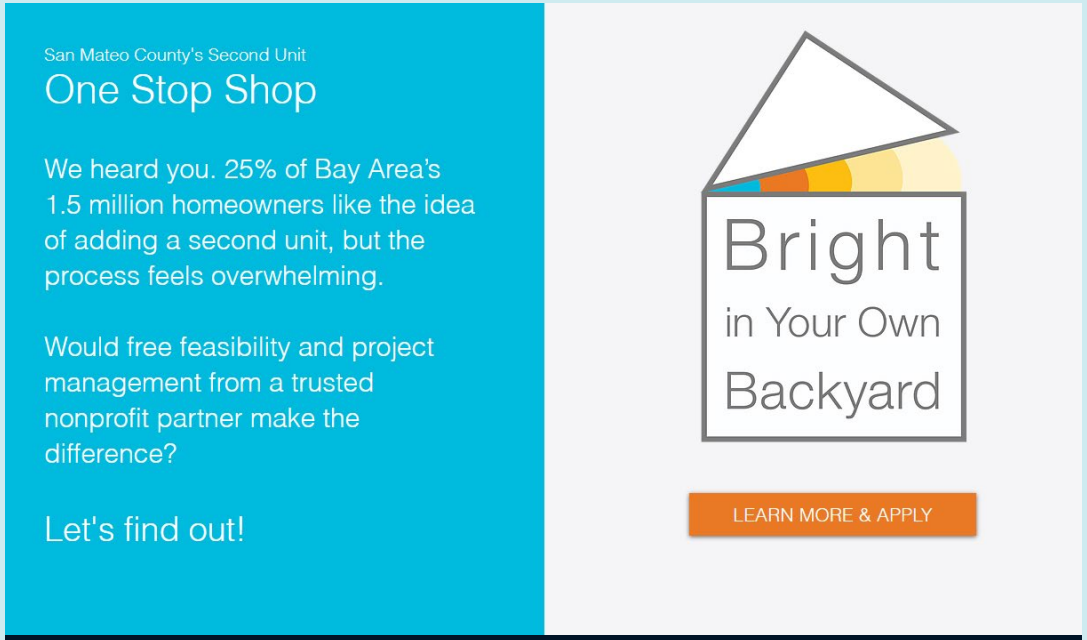
Land Use | Accessory Dwelling Units (ADUs)

ADU Programs: "One-Stop Shops"

Many homeowners, including seniors, require turnkey services, and cities must find partners with the skills and capacity to assist.

County of Santa Cruz "My House, My Home" Program with Habitat
The County of Santa Cruz designed a program called "My House, My Home," a partnership with Habitat for Humanity that would allow seniors to access additional grant funding and request construction support through the local Habitat chapter. As of early 2020, the County of Santa Cruz is ending their partnership with Habitat and looking for a new partner, **recognizing that partners require significant capacity** to help seniors navigate the entirety of the design, permitting, construction, and management.

San Mateo County ADU Pilot Program with Hello Housing
San Mateo County recently launched a three-year "one stop shop" pilot program in three cities (Redwood City, Pacifica, and East Palo Alto) with a nonprofit partner Hello Housing. The goal of the program is to provide greater access to homeowners interested in ADUs. Hello Housing will help homeowners plan their projects, obtain required permits, hire contractors for ADU construction, ensure the project is managed and help prepare homeowners to become landlords.


San Mateo County's Second Unit
One Stop Shop
We heard you. 25% of Bay Area's 1.5 million homeowners like the idea of adding a second unit, but the process feels overwhelming.
Would free feasibility and project management from a trusted nonprofit partner make the difference?
Let's find out!
Bright
in Your Own
Backyard
LEARN MORE & APPLY
Flyer for Hello Housing's San Mateo County "one stop shop" pilot

Source: San Mateo County Second Unit Resources Center, County of Santa Cruz

Land Use | Inclusionary Zoning

Create a mandatory inclusionary zoning policy to increase the production of affordable homes as part of all new development.

CONTEXT

New enabling legislation at the state level has given Charlottesville the ability to adopt an inclusionary zoning policy. However, a strong multifamily market is a necessary precursor to ensure the beneficial impacts of inclusionary zoning.

RECOMMENDED CHANGES

To increase the production of affordable rental homes, Charlottesville should implement an inclusionary zoning policy. In order to be successful, **inclusionary zoning must be used in markets where multifamily development is feasible and active**. In areas where multifamily development is difficult, inclusionary zoning can deter developers and limit the production of new housing. For that reason, it is essential that Charlottesville implement recommended changes to multifamily development and study the impacts of those changes prior to adopting inclusionary zoning.

Important design considerations for an inclusionary zoning policy include:

- The format and amount of incentives to offset lost rental income, such as a tax rebate or density bonus.
- The target share and affordability level of affordable homes.
- The potential for developers to make a cash payment in lieu of providing affordable homes.

IMPACTS

In a strong multifamily market, mandatory inclusionary zoning will both increase the provision of affordable rental homes and support the development of mixed-income neighborhoods, which can advance access to opportunity.

Inclusionary zoning policies require developers to include affordable homes in market-rate developments, often in exchange for incentives such as bonus density or tax abatement. Pages 95 – 96 provide additional detail on inclusionary zoning.

Land Use | Inclusionary Zoning

GUIDING PRINCIPLES

Racial Equity The City can and should design an inclusionary zoning policy that supports the development of mixed-income housing, particularly in historically exclusionary neighborhoods.

Regional Collaboration Though other regional jurisdictions may not be able to implement mandatory inclusionary zoning, the City should ensure that optional incentive zoning policies within the region do not run counter to its mandatory program.

Comprehensive Approach Inclusionary zoning will not produce a large number of affordable homes. Subsidy and other policy changes will be needed to reduce the City's affordable housing gap.

IMPLEMENTATION

Lead and Partners
Neighborhood Development Services
Albemarle County
Planning Commission
City Manager and Council

Action Steps

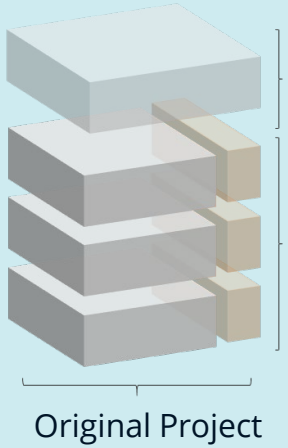
1. In conjunction with making changes to multifamily by-right policies, the City will study the impacts these changes to evaluate the feasibility of inclusionary zoning.
2. The City will design an inclusionary zoning policy, setting targets for the number and affordability level of homes and other parameters.
3. Following engagement and communication about proposed changes, the City will adopt an inclusionary zoning policy.

Timeframe
Immediate (within 1 year)

Funding Needs
None

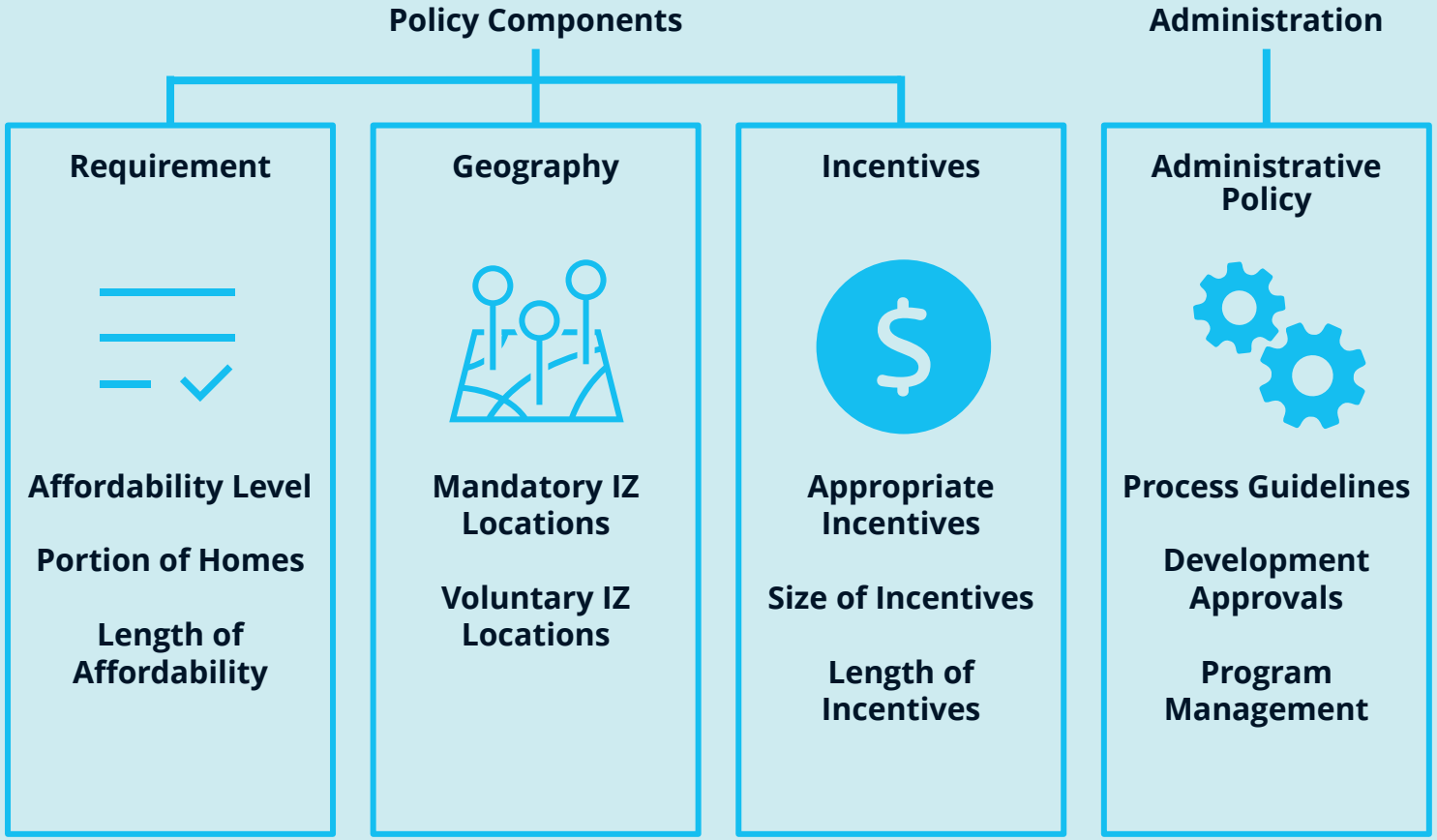
Land Use | Inclusionary Zoning

An IZ policy creates affordable homes within new market rate development.



- Inclusionary zoning policies **require** developers to include affordable homes in market-rate developments, often in exchange for incentives such as bonus density or tax abatement.
- Rents for affordable homes are set relative to the **Area Median Income (AMI)**, the household income for the median household in a region.

The design of an inclusionary zoning policy must consider the affordability of homes required, appropriate incentives to offset developer costs, and administrative needs and processes.



Tenants' Rights

FINAL DRAFT

Tenants' Rights | Purpose and Limitations

Tenants' rights tools help low-income renters hold power over their housing and counter predatory and unjust practices. These tools should serve to…

Cushion market pressures on existing tenants to increase housing stability.

Particularly in areas with rising rents, tenants can be at risk of displacement. Rent control, restrictions on discrimination by source of income, and other policies can help to mitigate this risk and prevent landlords from evicting or displacing low-income tenants.

Form an equitable and balanced relationship between landlords and tenants.

Landlords overwhelmingly have more monetary and legal power than tenants, such as in eviction court. Enhancing tenants' rights can shift this balance of power and give tenants facing eviction additional recourse.

Tenants' rights policies are a necessary part of a comprehensive approach to housing but cannot be effective alone. The plan must acknowledge that tenants' rights tools…

Will not create new affordable homes.

Tenants' rights tools do not create new housing or have substantial impact on the housing market. They also do not help tenants who cannot afford housing.

Have limited potential due to restrictive state laws.

Virginia state laws are weighted heavily in favor of landlords. Local jurisdictions such as Charlottesville have a limited ability to shift or preempt statewide laws.

Tenants' Rights | Recommendations

Charlottesville should change local policy and advocate at the state level to expand the City's ability to **support tenants' rights.**

State law limits the actions that Charlottesville can take to advance tenants' rights, but the City can provide enhanced protections for renters for programs in which it provides funding, and advocate at the state level for legislative changes. In particular, the City should implement the following recommended actions and policy changes:

Developments Receiving City Assistance	Require housing developments that receive City funding (directly as subsidy, or indirectly through infrastructure improvements) to provide **enhanced tenants' rights.**
Right to Counsel	Dedicate funding for the provision of legal services for tenants facing eviction and **establish a citywide right to counsel in eviction cases.**
Just Cause Eviction	Advocate for **enabling legislation to support just cause evictions** and to make other changes to the state's eviction process.
Rent Control	Advocate for **enabling legislation to enact rent control** in Charlottesville.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Tenants' Rights | Developments Receiving City Assistance

Require housing developments that receive City funding or discretionary approvals to provide **enhanced tenants' rights**.

CONTEXT

Charlottesville is limited in the tenants' rights policies it can implement citywide, but the City has more leverage over projects receiving City support in the form of direct project funding, or funding for required infrastructure improvements. Projects that receive City assistance can therefore be subject to greater tenants' rights requirements.

RECOMMENDED CHANGES

As part of a comprehensive approach to affordable housing, the City should require enhanced tenants' rights provisions for new residential developments that receive City funding. This may include:

- Enabling tenants' rights to organize.
- Guaranteeing just cause eviction protections.
- Agreeing to mediation or to referring tenants to legal services when an eviction is filed.
- Committing to provide Tenant Opportunity to Purchase (TOP), or the "right of first refusal" at the time of a property transfer, allowing tenants the opportunity to collectively bargain to purchase the buildings they live in.

As the multifamily market improves over the longer term, the City can also make these requirements of multifamily developments that receive discretionary approvals such as zoning changes or negotiate development agreements. Development agreements should formalize these requirements, and property owners should provide sample tenant agreements that codify these rights.

IMPACTS

Placing additional requirements on projects receiving public funds will increase the impacts of public funding used for affordable housing and help to increase protections for affordable housing residents, as well as potentially for renters in market-rate housing. Enhanced housing stability should lead to better long-term outcomes for tenants.

Tenants' Rights | Developments Receiving City Assistance

GUIDING PRINCIPLES

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prioritized the rights of landlords. Improving tenants' rights where possible is therefore necessary to support racial equity. To ensure the impacts of this program reduce racial inequity, the City should monitor impacts and disaggregate data by race of renters to ensure there are no barriers to BIPOC tenants.

Regional Collaboration Extending this policy within the urban ring will be an important way to increase its impacts and build housing security for residents in and around Charlottesville.

Comprehensive Approach Leveraging public funds or approvals to secure tenants' rights for new development is one of the most direct ways that the City can enhance housing security and advance rights for its residents in order to advance a comprehensive approach to affordable housing.

IMPLEMENTATION

Lead and Partners
City of Charlottesville
Developers

Action Steps
1. Identify the tenants' rights that will be required of any development receiving public subsidy.
2. Communicate new requirements to developers, and include enhanced tenants' rights in development agreements for qualifying projects.

Timeframe
Near Term (within 18 months)

Tenants' Rights | Right to Counsel

Dedicate funding for the provision of legal services for tenants facing eviction and **establish a citywide right to counsel in eviction cases.**

CONTEXT

Virginia laws prevent the City from establishing the right to counsel directly, but cities can provide funding for legal services for tenants facing eviction. Richmond has introduced a pilot program to reduce eviction using pro bono attorneys as in-court mediators, coupled with financial literacy education. Charlottesville cannot fully replicate Richmond's program but can provide funding for residents to access legal aid services.

RECOMMENDED CHANGES

The City of Charlottesville should dedicate funding to support a citywide right to counsel for eviction cases. Such a program should:

- Stipulate eligibility by income.
- Identify pro bono representation to supplement City-funded support.
- Design a suite of supporting services that help tenants stay in housing and out of court long-term, which may include funding for mediation or court appearances.

The funding should be awarded to a qualified provider using a transparent and competitive process.

IMPACTS

Providing tenants with a right to counsel will balance tenant-landlord power within court. One study in Massachusetts has found that two-thirds of tenants with an attorney are able to stay in their homes, compared to one-third of tenants who represent themselves. Moreover, the cost of city-funded legal representation is typically far lower than the costs to provide shelters and services for unsheltered homeless residents who have been evicted. Eviction can be a long-term detriment to families and can cause increased housing insecurity by making it difficult to find housing, so eviction prevention is essential to building long-term stability for low- and moderate-income renters.

Tenants' Rights | Right to Counsel

GUIDING PRINCIPLES

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prevented Black homeownership. Improving tenants' rights where possible is therefore necessary to support racial equity. To ensure the impacts of this program reduce racial inequity, the City should disaggregate participation data by race of renters to ensure there are no barriers to accessing legal assistance.

Regional Collaboration The City should work with the Regional Housing Partnership to evaluate opportunities to jointly or separately extend this program to neighboring jurisdictions.

Comprehensive Approach Funding for legal services for tenants facing eviction is one of the most direct ways that the City can enhance housing security for its residents to advance a comprehensive approach.

IMPLEMENTATION

Lead and Partners
Legal Aid Justice Center or other partner
CAHF Committee
City Manager and Council

Action Steps
1. Pending CAHF Committee recommendation, the City will dedicate funding for legal services for residents facing eviction.
2. The City will work with the Legal Aid Justice Center or another organization to design and implement a legal services program.

Timeframe
Near Term (within 18 months)

Funding Needs
$200K for one full-time lawyer

Tenants' Rights | Right to Counsel

Case Study | Minneapolis Eviction Defense Program

There are more than 3,000 court-ordered evictions a year in Minneapolis, and an estimated 3,000 more through voluntary compliance with "notices to vacate" by tenants who do not know their rights. **Tenants go largely unrepresented in these cases, but in the 10% of cases where they do have representation tenants have a far higher likelihood of winning or settling the evictions and clearing them from the record**.

In 2018, Minneapolis launched a pro bono eviction defense program. This program created a new partnership between the Volunteer Lawyers Network, Mid-Minnesota Legal Aid, and a dozen law firms with the commitment to take on pro bono eviction defense cases. **Through this partnership, the city intends to increase tenant representation to 20%.**

To support this program, the mayor proposed allocating $150,000 for city-funded counsel to represent low-income tenants facing eviction. In 2019, due to the success of the fund, the mayor allocated $650K to expand the program. This expansion of funding is intended to allow the organizations to expand their legal aid beyond brief encounters at the courthouse to more formalized and consistent methods of representations.

Case Study | Washington, D.C. Right to Counsel Funding

The power imbalance in D.C.'s eviction court is significant; 95% of landlords have legal representation, while 95% of tenants are unrepresented. In 2015, several law firms and legal services organizations created a pro bono pilot project to provide legal services to tenants in eviction cases involving subsidized housing. This pilot was initially funded with $300K through the D.C. Bar Foundation and the D.C. City Council.

In 2017, **the city introduced a bill to provide the right to counsel in civil cases wherever human needs, including housing, healthcare, safety, and liberty, are at stake**. $4.5M was approved to fund this bill, with $600K to be awarded throughout 2017 to legal organizations that provide representation to low income D.C. tenants in eviction proceedings.

This bill is anticipated to equalize the current power imbalance and provide tenants with better access to legal resources.

Source: "The Movement to Secure Right to Counsel in Housing", Pro Bono Institute, NextCity

Tenants' Rights | Just Cause Eviction

Advocate for **enabling legislation to support just cause evictions** and to make other changes to the state's eviction process.

CONTEXT

Just cause eviction protections prevent landlords from evicting tenants for reasons outside of a set of allowable grounds, such as nonpayment of rent or intentional damage to a home. This process would deter or prevent unjust or baseless evictions. Currently, state law prevents Charlottesville from requiring just cause for evictions.

RECOMMENDED CHANGES

The City of Charlottesville should advocate at the state level for local jurisdictions to have the option of implementing just cause eviction protections. If the City pursues a just cause eviction policy in the future, it should create a clear list of allowable grounds for eviction and establish a procedure for landlords to demonstrate "just cause". In the interim, the City can require just cause eviction stipulations for residential developments that receive city funding.

IMPACTS

A citywide just cause eviction policy would support housing stability by protecting residents from unwarranted evictions. This can improve long-term outcomes for families by limiting the disruptions and challenges that can arise from an eviction.

Tenants' Rights | Just Cause Eviction

GUIDING PRINCIPLES

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prevented Black homeownership. Improving tenants' rights where possible is therefore necessary to support racial equity. To ensure the impacts of this program enhance racial equity, the City should monitor the impacts of this program and disaggregate data by race. Partnering with nonprofits to conduct outreach and educate renters about their rights is one potential way to ensure that renters of all races benefit from the same eviction protections.

Regional Collaboration The City should collaborate with regional partners and other cities in Virginia on its state-level advocacy efforts.

Comprehensive Approach State-level advocacy is an important part of a comprehensive approach as it will allow the City to expand its toolbox, particularly in tenants' rights where the City's authority is limited.

IMPLEMENTATION

Lead and Partners
City of Charlottesville
Legal Aid Justice Center

Action Steps
1. Working with regional and statewide partners, the City will advocate for state enabling legislation to support just cause eviction as part of an overall tenants' rights advocacy effort.

Timeframe
Near Term (within 18 months)

Tenants' Rights | Rent Control

Advocate for **enabling legislation to enact rent control** in Charlottesville.

CONTEXT

Rent control places stipulations on how much a landlord can raise rent when an occupant's lease comes up for renewal. State law currently prevents the implementation of rent controls. Between 2010 and 2018, the compound annual growth rate for real median rents in Charlottesville was 2.8%, but in some parts of the city it was as high as 4.1%.

RECOMMENDED CHANGES

The City of Charlottesville should advocate at the state level for enabling legislation giving local jurisdictions the option of adopting rent control, along with advocating for other tenants' rights. Local rent control programs must be carefully designed to prevent disinvestment in housing supply and to serve populations most in need of rent protections. Example models include capping annual rent growth at 3 to 5 percent for buildings past a certain age, to prevent the loss of affordability in older rental housing.

IMPACTS

While rent control is a politically contentious tool with potential downsides, it is also a mechanism that **directly and tangibly protects residents from excessive price inflation and displacement**, particularly in areas of opportunity facing market pressures that would drive rent increases. Poorly designed rent regulation can harm affordability by limiting development and constrained supply. While well designed rent regulations can provide a critical level of predictability about housing cost that increases affordability and stability.

Source: U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates

Tenants' Rights | Rent Control

GUIDING PRINCIPLES

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prevented Black homeownership. Improving tenants' rights where possible is therefore necessary to support racial equity. Stabilizing rent will help to limit displacement due to gentrification.

Regional Collaboration The City should collaborate with regional partners and other cities in Virginia on its state-level advocacy efforts.

Comprehensive Approach State-level advocacy is an important part of a comprehensive approach as it will allow the City to expand its toolbox, particularly in tenants' rights where the City's authority is particularly limited.

IMPLEMENTATION

Lead and Partners

City of Charlottesville
Other Virginia jurisdictions
State representatives

Action Steps

1. Working with regional and statewide partners, the City will advocate for state enabling legislation to support rent control as part of an overall tenants' rights advocacy effort.

Timeframe

Begin advocacy in the near term (within 18 months), aiming for implementation in longer term (within 3 to 5 years)

Subsidy

FINAL DRAFT

Subsidy | Purpose

Public subsidy is necessary to make the development and preservation of homes affordable to lower-income households feasible. These tools should serve to…

Create tangible and direct impact.

Subsidy tools are the most direct and impactful means of developing or renovating permanently affordable homes. Land use and tenants' rights tools can only facilitate this process, and typically cannot spur an adequate amount of new development or affordability preservation.

Subsidy tools also provide diverse ways of delivering monetary assistance directly to community members, such as through emergency rental assistance and down payment assistance.

Serve the lowest-income households.

The only way to adequately serve households earning below 50 percent of Area Median Income is through housing cost subsidy or augmented income—land use changes alone cannot drive costs low enough for a home to be affordable to the lowest-income households.

Maximize the benefits of local public funding for the community.

The impacts of public funding should be amplified by using it to leverage state, federal, and private investment. Public funding can also serve the purpose of holding funding recipients accountable to community goals, such as achieving deep and lasting affordability.

This plan looks at three categories of subsidy:

(1) **Project-based rental subsidy tools, which develop and preserve affordable rental homes.** These programs are the best way to serve Charlottesville's lowest-income residents, and to ensure the long-term affordability of rental housing.

(2) **Tenant-based rental subsidy tools, which provide rental assistance directly to tenants.** The City cannot easily or quickly address the issue of low incomes or pursue tenants' rights tools. Direct rental assistance will immediately help residents pay for housing and build housing stability.

(3) **Affordable homeownership subsidy tools, which increase and preserve access to affordable homeownership.** These programs serve to build wealth for low-income families and are crucial to support racial equity by mitigating the racial wealth gap.

Subsidy | Limitations

Subsidy policies are capital intensive, and they should be layered with other types of tools to be efficient and high impact. Subsidies....

Require increases in taxes or diverts funding to pay.

Because funding sources are finite, increasing spending on housing will necessarily entail either an overall increase in the pool of public funding (through increased taxes) or a shift in the allocation of public funding (which would require reducing funding for another area of public expenditure). Both approaches can be politically contentious.

Require an approach and practice of efficient and accountable deployment.

The proper stewardship of public funding is important to maximize the impact of spending, and this requires both technical capacity and procedural clarity and rigor, such as when underwriting and comparing development deals. Charlottesville requires an approach and the capacity to rapidly, transparently, and responsibly distribute a high volume of subsidy.

Require large amounts of capital from governments or philanthropies.

To deliver meaningful impact, subsidy tools typically require a substantial amount of funding from the public sector and philanthropies, who face competing priorities for a limited amount of funding.

Do not address the fundamental issues of low incomes.

Subsidy tools that lower the cost of housing or supplement tenant incomes represent only part of the solution to ensuring affordable housing. Household incomes are just as important, driven by factors such as economic opportunity and mobility, living wages, and the cost of other necessities such as transportation, healthcare, and childcare.

Subsidy | Recommendations

Charlottesville should **focus and align subsidy programs with community-defined priorities** and make changes to increase the impact of public spending.

In particular, the City should implement the following recommended changes to its subsidy tools:

Project-Based Rental Subsidy | Develop and preserve affordable rental homes. These programs are the best way to serve the lowest-income residents, and to ensure the long-term affordability of rental housing.	
Low-Income Housing Tax Credits Development (LIHTC) Gap Loans	**Support the development of new affordable rental housing by providing gap financing** (low interest loans and grants) to help fund development costs.
Public Housing Redevelopment	Set parameters for level and timing of funding that can be made available to **Charlottesville Redevelopment and Housing Authority (CRHA) to modernize all public housing.**
Acquisition Fund	Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.
Land Bank	Establish a land bank that provides **land equity to develop affordable housing.**
Tenant-Based Rental Subsidy | Provide rental assistance to tenants. The City cannot easily or quickly address the issue of low incomes or pursue tenants' rights tools. Direct rental assistance will immediately help residents pay for housing and build housing stability.	
Tenant-Based Vouchers	Continue the provision and use of **tenant subsidies for rental housing** in all parts of the city.
Emergency Rental Assistance	Establish a **permanent eviction prevention fund** to provide emergency rental assistance to lower income households in crisis**.**

Subsidy | Recommendations

Affordable Homeownership Subsidy | Increase and preserve access to affordable homeownership. These programs serve to build wealth for low-income families and are crucial to support racial equity by mitigating the racial wealth gap.	
Down Payment Assistance	Revise Charlottesville's existing down payment assistance program to provide **a greater level of assistance and serve a larger number of households.**
Employer-Assisted Down Payment Assistance	Encourage and work with major regional employers, like UVA, to develop employer-funded **Down Payment Assistance programs as a benefit for employees**.
Section 8 Voucher to Homeownership	Encourage the Charlottesville Redevelopment and Housing Authority (CRHA) to create the option of and access to **homeownership for Section 8 Voucher users**.
Local Mortgage Pool with Individual Development Accounts	Partner with lenders and nonprofits to **help homeowners succeed** at homeownership.
Single-Family and Soft Density Infill Development	Partner with developers to build and renovate **affordable single-family and "soft density" housing** in existing neighborhoods.
Owner-Occupied Rehabilitation Assistance	Support and preserve homeownership by providing assistance to **income-qualified owners to make necessary home repairs.**
Property Tax Relief	Continue the provision of **property tax relief** to low- and moderate-income homeowners.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Project-Based Rental Subsidy Tools

Subsidy | Low-Income Housing Tax Credits Development Gap Loans

Support the development of new affordable rental housing by providing gap financing (low interest loans and grants) to help fund development costs.

CONTEXT

Charlottesville has supported Low-Income Housing Tax Credits (LIHTC) production in recent years, with a total of 480 homes in the past three years, and an average local subsidy of $55,000 per home. This is on the higher end of local subsidy required per home typically seen in comparable communities, which may be the result of many factors such as local development costs. Funding awards have been made on a project-by-project basis through an *ad hoc* process. Recent LIHTC development has been undertaken by both CRHA and nonprofit developers.

RECOMMENDED CHANGES

The City should make funds available annually through a competitive process to provide gap financing for LIHTC, with a target of funding at least one 9% LIHTC project per year.

- Establish a transparent and competitive process for reviewing applications to increase the efficiency of the use of public funds (e.g. decreasing the average subsidy per home) and to meet policy targets (e.g. producing more 30% AMI homes than are required by the Qualified Allocation Plan, or QAP).
- Include provisions within LIHTC projects to strengthen tenants' rights, such as by ensuring tenants' rights to organize and implementing just cause eviction protections.
- Strategically provide funding and other support for regional applications for tax credits, especially within the urban ring, to serve low-income workers who commute into Charlottesville.
- Negotiate extended affordability periods for projects, moving toward permanent (99-year) affordability.

IMPACTS

LIHTC remains the primary means of creating new affordable homes and replacing affordable homes that risk obsolescence. Supporting LIHTC development in and around Charlottesville will reduce the housing gap within the urban ring. Dedicating $3M a year to LIHTC over ten years would support the creation of 750 homes.

The Low-Income Housing Tax Credit Program is a federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. There are two general types of credits that can be awarded, 9% credits and 4% credits. 9% credits are higher value credits that cover a greater percentage of projects' development costs. Almost all LIHTC projects in Charlottesville in the last two decades have used 9% credits.

Subsidy | Low-Income Housing Tax Credits Development Gap Loans

GUIDING PRINCIPLES

Racial Equity The City should establish scoring criteria for gap financing that ensure funds are used to support racial equity goals, such as reducing racial and economic segregation while mitigating displacement pressures.

Regional Collaboration Targeting LIHTC support to best-in-class projects within the region will help maximize the impact of the program and create more affordable homes across the Charlottesville area.

Comprehensive Approach By directly creating affordable homes, LIHTC is a cornerstone to a comprehensive approach.

IMPLEMENTATION

Lead and Partners

LIHTC Developers
Charlottesville Redevelopment and Housing Authority (CRHA)
CAHF Committee
Housing Staff

Action Steps

1. The City will design a new process for reviewing LIHTC applications and making award decisions and communicate selection criteria to developers.
2. The City will allocate funding in accordance with CAHF Committee recommendations, issue an RFP or other solicitation, review funding requests and make award decisions based on set criteria.

Timeframe

Near Term (within 18 months)

Funding Needs

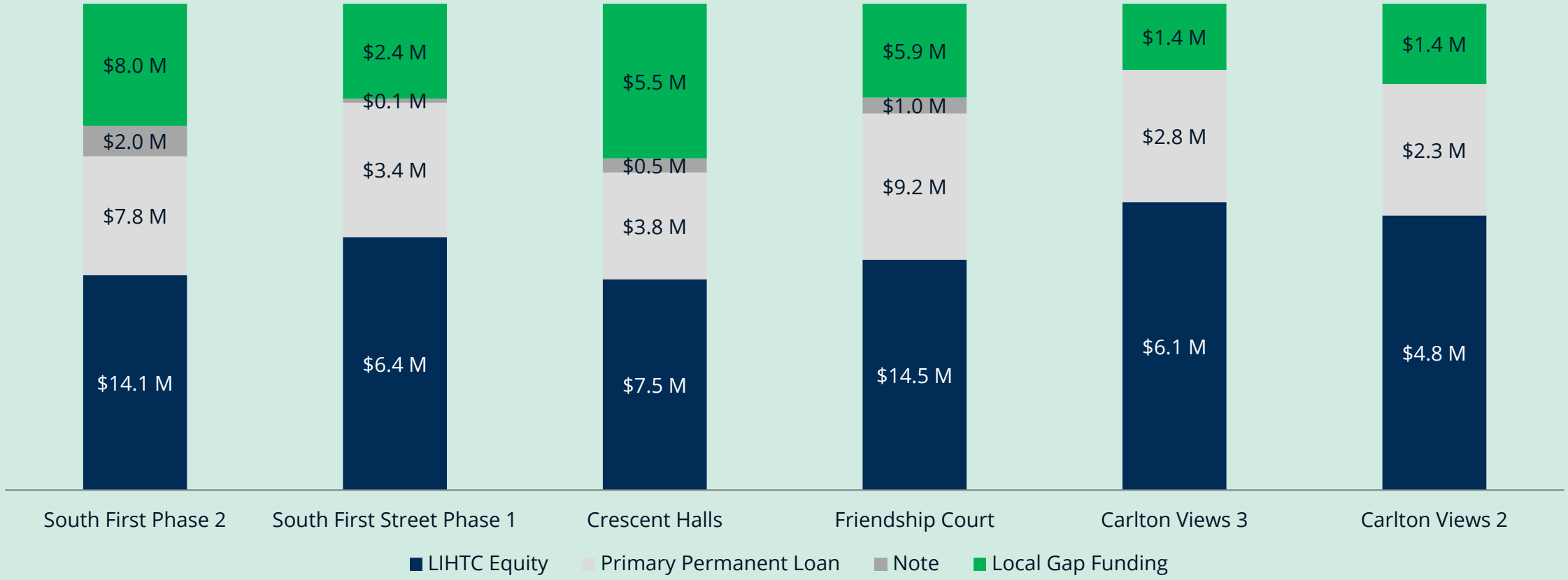
$35K to $50K per home

To decrease costs per home, Charlottesville will need to set a competitive and rigorous underwriting process for projects, and look to development in areas with lower costs, such as in the urban ring.

Subsidy | Low-Income Housing Tax Credits Development Gap Loans

Almost all LIHTC projects in Charlottesville in the last two decades have used 9% credits. Some amount of public funding is typically required.

Recent Charlottesville LIHTC development funding sources:



Sources: VHDA, HR&A Advisors.
Note: Based on expiring for-profit and profit motivated expiring subsidy in census tracts with median rent income greater than $900/mo.

Subsidy | Public Housing Redevelopment

Set parameters for level and timing of funding that can be made available to **Charlottesville Redevelopment and Housing Authority (CRHA) to modernize all public housing.**

CONTEXT

The City is providing funding to the CRHA for the redevelopment of South First Street and Crescent Halls. The City is committed to working with the CRHA on its efforts to modernize all public housing in Charlottesville while preserving affordability, though what future phases of work will entail is currently unclear.

RECOMMENDED CHANGES

The City and CRHA should establish a memorandum of understanding, or similar agreement, that describes how they will work together toward reinvestment and modernization of all public housing In Charlottesville. To support a reinvestment strategy, the CRHA should prepare a program describing the scale of redevelopment, anticipated budget including sources and uses with timeline, and work with the City staff and CAHF Committee to plan for future funding allocations. This may include using City funds to support the development and redevelopment of CRHA homes that serve households earning 30% AMI or lower. This funding support will be provided through the CAHF.

IMPACTS

Reinvestment in public housing is a complex process that requires many years to plan and execute. **An agreement on the principles and approach governing the reinvestment process, and expected financial commitments, will provide a foundation to ensure the City and the CRHA remain committed to working together** over decades as leadership and priorities change. Public housing is one of the primary ways to provide rental homes affordable to households earning 30% AMI or lower. City commitments to support CHRA's redevelopment will help preserve and expand the availability of rental homes for Charlottesville's lowest-income residents.

Subsidy | Public Housing Redevelopment

GUIDNIG PRINCIPLES

Racial Equity It is necessary that the city continue to fully invest in the quality and longevity of housing to serve extremely low-income residents within public housing, who are disproportionately non-white due to historical barriers to equity and wealth-building.

Regional Collaboration CRHA is a crucial partner for the City in the provision of affordable housing. A clear partnership agreement will help the City plan for its affordable housing investments with CRHA and other partners.

Comprehensive Approach Public housing is crucial to a comprehensive approach in that it targets and serves the lowest income households in a highly tangible way: providing low-cost permanently affordable housing.

IMPLEMENTATION

Lead and Partners
City Manager and Council
CRHA
CAHF Committee

Action Steps
1. The City and the CAHF committee will establish goals to be achieved through funding support for CRHA redevelopment
2. The City will make annual funding commitments in accordance with CAHF committee guidance

Timeframe
Immediate (within 1 year)

Funding Needs
Significant, exact amount to be determined through conversations with CRHA

Subsidy | Acquisition Fund

Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.

CONTEXT

Crucial to maintaining an affordable housing inventory is preserving the affordability of existing unregulated low-rent housing, often referred to as naturally occurring affordable housing (NOAH). Particularly in markets with constrained supply, low-rent market-rate housing often sees the highest rates of rent growth. In Charlottesville, there are an estimated 2,260 homes of low-rent homes (renting for below $1250), and the city is at risk of losing 644 LIHTC homes in the following decade as they reach the end of their compliance periods.

RECOMMENDED CHANGES

The City should support the development of an acquisition fund to provide permanent, long-term financing for older, market-rate properties to make modest repairs and maintain their affordability. The success of a preservation program depends on attracting low-cost private financing to leverage public funding, and identifying development partners who are interested and capable of executing a preservation development model, such as the CRHA. Most developers, both for-profit and nonprofit, are dependent on developer fees or the sale of a property to generate revenue. Preservation projects generally are not sold and come with small or no developer fees making them unworkable for many developers.

IMPACTS

Preserving affordable homes is a cost-effective and necessary means of preventing displacement and ensuring the long-term housing stability of low-income renters. The cost to preserve an existing affordable home is far lower than the cost to develop new affordable housing. Moreover, opportunities for new development in Charlottesville are limited, making preservation more important.

Using the acquisition fund to make investments into building energy retrofits, such as weatherization and appliance efficiency, can further improve affordability by also reducing energy and utility costs.

Acquisition funds replace the equity of profit-motivated ownership with public and mission-based capital that does not require the same rate of rent growth. These funds help to achieve the following:

✓**Lower relative costs:** Acquisition costs for NOAH homes is typically 25-30% less than new construction.
✓**Optimize location:** Acquisition of existing buildings allows administrators to site affordable housing near major transit lines and employment centers where land is scarce.
✓**Prevent displacement:** This approach maintains residential stability and does not require any demolition of homes for new construction.
✓**Target workers:** Administrators can stabilize housing for middle-income residents which are not often served by affordable housing developers.
✓**Speed**: Acquiring a multifamily building and ensuring its affordability is much faster than building new homes, but it does not increase housing supply.

Subsidy | Acquisition Fund

Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.

GUIDING PRINCIPLES

Racial Equity Preservation efforts should be focused in neighborhoods with high BIPOC populations that are facing gentrification or displacement pressures.

Regional Collaboration Developers and investors across the region could participate in collaborating with the City to capitalize and make use of an acquisition fund.

Comprehensive Approach An acquisition fund supplements new development by ensuring that both subsidized and market-rate affordable homes remain low-rent even as market rents increase.

IMPLEMENTATION

Lead and Partners
Housing Staff
CRHA or other partner
CAHF Committee

Action Steps
1. Pending CAHF Committee recommendation, the City will identify funding for an acquisition fund and issue an RFP for a fund administrator (CDFI, housing authority, or similar entity).
2. The City will enter into an agreement with an administrator.

Timeframe
Longer Term (within 3 to 5 years)

Funding Needs
Approximately $20,000 per home

For an acquisition fund:
Fund appropriation: $2.5M of public and philanthropic capital could be enough to leverage a self-sustaining $15-25M fund (at a 3:1 leverage ratio)

Operating expenses: A smaller fund may need public-sector operating subsidy at a rate of ~1.5% - 2% of assets under management ($200K/year for a $10M fund)

Subsidy | Acquisition Fund

Case Study | King County Housing Authority

KCHA has outsourced the management of its NOAH buildings to experts, lowering the administrative burden and reducing ongoing costs.

Life Cycle of A NOAH Acquisition

Property Identification

Property Selection Criteria

- Proximity to existing or future rapid transit or light rail
- Built in 1970s and 1980s
- 60+ unit properties

Deal Closing

Broker and property owner relationships

- KCHA has earned a reputation as a good buyer
- Brokers cold call property owners when KCHA identifies a desired property
- Brokers call KCHA upon learning about a property of potential interest

Operations

Property Management

- Properties managed by private fee managers who ensure the properties generate the cash flow needed to service debt
- KCHA has an internal entity for asset management that oversees management expenses, debt service payments, and IRS compliance.

Long-Term Asset Management

Portfolio Management:

- Restructuring more seasoned properties to refinance into pools
- Re-amortizing in order to get even lower rates on new bond issuances

Subsidy | Acquisition Fund

Case Study | King County Housing Authority

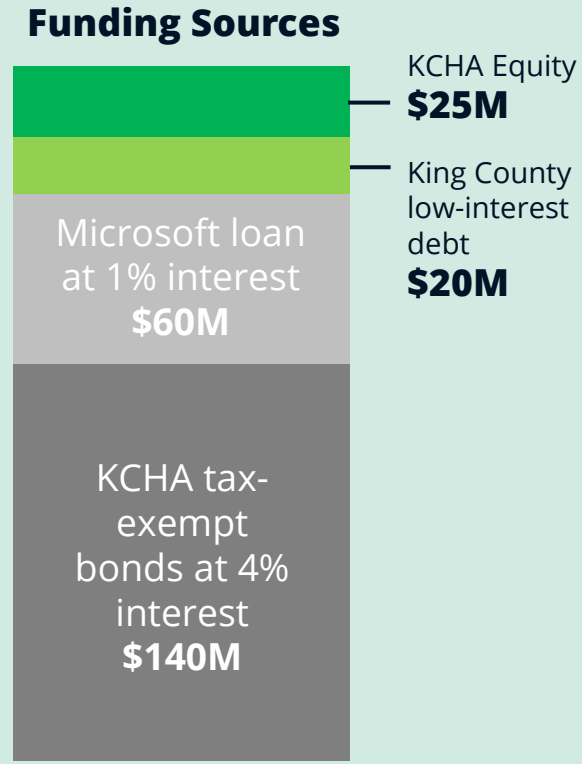
As the strong tech economy increased housing demand in greater Seattle, King County Housing Authority ("KCHA") sought a way to acquire properties at-risk of losing natural affordability and expand the pool of homes which would accept Section 8 vouchers. Through this program, KCHA has acquired 6,000 homes of previously privately-owned multifamily buildings serving moderate-income households.

Since naturally-occurring affordable homes are not deed-restricted, when a building comes to market, KCHA is competing against institutional investors who see an opportunity to reposition the property and maximize profits. Over 30 years, KCHA has developed a financing approach that allows it to be nimble:

Bridge Financing: KCHA draws on established lines of credit with conventional lenders to compete at the speed of the private market, which nonprofits often cannot do. KCHA has developed its liquidity/banking relationships over the past 30 years, allowing for rapid turnaround.

Permanent Financing: Since the program's inception, KCHA has paired equity from King County with municipal bonds and mezzanine debt:

- ***Equity***: Typically provided by King County grants and KCHA funds
- ***Senior debt***: Long-term, tax-exempt municipal bonds cover approximately 60% of acquisition costs and are backed by full faith and credit of KCHA, with credit enhancement from King County. The debt is sized to be paid off with project revenues.
- ***Mezzanine debt***: KCHA has used a variety of mezz debt lenders to support acquisition, including private sponsors such as Microsoft which provide low-interest rates to lower required equity contribution from the County.



Funding sources for $245M acquisition of 1,029 homes in 2019

Source: King County Housing Authority

Subsidy | Acquisition Fund

Case Study | NOAH Impact Fund, Minneapolis, MN

Bloomington and Brooklyn Center was an expiring tax credit project. When it was on the market, the developer and fund were able to purchase the building within sixty days and retain affordability. Of the $8 million fund investment, only $2 million came from the public sector, a public subsidy per unit of $8,400. While preserving affordability is the goal of the Fund, by investing in each property as equity, the Fund is repaid by rents at the property and has a vested interest in ensuring rents are stable or increase. Unlike properties preserved with the Low-Income Housing Tax Credit, buildings purchased through the Fund typically do not feature extensive or costly rehabilitations. The affordability restriction on the property targets affordability at 60% AMI, however rents are not set in stone. With Fund approval through an annual business planning process, rents at the property can float up to cover the costs to operate the property or cover the cost of improvements.

- **Homes:** 239
- **Purchase Timeline:** 60 days
- **Affordability:** 60% AMI for 15 years with ability to float
- **Operating Partner:** Aeon
- **Public Subsidy Per Unit:** $8,400

Funding Sources

Aeon ($900K)

NOAH Impact Fund ($8M)

Freddie Mac Loan ($18.9M)

Private Sources ($6M)

Public Sources ($2M)

- Operating partner purchases building with 10% equity representing 3% of purchase price
- Paired with Freddie Mac loan product designed for NOAH preservation featuring favorable interest rates, LTV, and term.

Source: Minneapolis NOAH Impact Fund

Subsidy | Land Bank

Establish a land bank and **provide land equity to develop affordable housing.**

CONTEXT

There is not currently an organization engaged in land banking in Charlottesville. The City previously sought to establish a land bank corporation, but this effort faced obstacles as parties had divergent views on the land bank's authority, governance structure, and necessity. The primary benefit of a land bank is the ability to abate property taxes. The City has limited public land available that could support new development.

RECOMMENDED CHANGES

The City of Charlottesville should continue to move forward with establishing a land bank entity, revisiting and exploring workable governance structures based on lessons learned. An existing entity could be designated to have land banking functions—land banks do not need to be new entities. The new land bank should be set up to flexibly use and assemble underutilized land, such as to assemble tax-delinquent parcels for redevelopment, or to hold strategic land to prevent price inflation on the private market, for eventual development into affordable housing. Regardless of the structure, the land bank should be clearly prohibited from competing with the CRHA. Though the City does not have significant property for development or redevelopment, it should contribute available property if land acquisition is not a funding priority.

IMPACTS

A land bank could supplement and improve the efficacy of programs such as single-family infill, by providing a pipeline of development-ready properties for infill, and support the development of affordable housing in well-located areas of appreciating land value. The impact of a land bank is constrained by the availability of developable land and lots, which can be limited in more well-developed areas of the city.

GUIDING PRINCIPLES

Racial Equity Properly implemented, a land bank could help to close the racial homeownership gap in Charlottesville by reducing barriers to homeownership for BIPOC residents.

Regional Collaboration To extend potential impacts within the region, the land banking entity could have a regional scope of authority.

Comprehensive Approach A land bank would complement new land use policies that expand the amount of land eligible for denser residential development and supplement other subsidy tools by reducing land costs for new development.

A Land Bank is a public or nonprofit organization that can acquire and hold tax-exempt property. They are sometimes involved with the development of property, selling or transferring land to developers or developing it to support public goals such as the provision of affordable housing. A land bank may acquire and hold both undeveloped land (which may be limited in Charlottesville) and parcels for redevelopment, including infill land in neighborhoods.

Subsidy | Land Bank

IMPLEMENTATION

Lead and Partners
Housing Staff
Nonprofit partners

Action Steps
1. The reformed HAC will make recommendations around the format and governance of a land banking entity.
2. The City will determine how to administer the land bank, e.g. whether internally or through a third party.

Timeframe
Longer Term (within 3 to 5 years)

Funding Needs
No direct funding is required, but the land bank will have the ability to abate property taxes which will impact the City's fiscal position.

Tenant-Based Rental Subsidy Tools

Subsidy | Tenant-Based Vouchers (TBV)

Expand the provision and use of **tenant subsidies for rental housing in all parts of the city.**

CONTEXT

Vouchers are an essential means of making housing affordable to extremely low-income households. There are two TBV programs in Charlottesville, both administered by the CRHA. The city-funded CSRAP supports 100 households, of whom at least 15 must be homeless, and at least 40 enrolled in a self-sufficiency program. The remainder of CSRAP subsidies can be provided to individuals eligible for the federally-funded Housing Choice Voucher (HCV) program, which serves 300+ households in the city.

The Charlottesville Landlord Risk Reduction Fund (CLRRF) is a proposed program meant to complement and facilitate the City's voucher program. The program would incentivize landlords to accept vouchers, thereby increasing housing choices for voucher holders, by providing funding to cover security deposits, missed payments, damages, and other perceived "risks" that may lead landlords to be reluctant to accept vouchers.

RECOMMENDED CHANGES

The City of Charlottesville must first ensure the impacts of its existing funding appropriations for TBV by increasing uptake citywide. The City should mandate the acceptance of vouchers for any property receiving City funding. Broader source of income protections should also be enforced: in March 2020, Virginia added "source of income" protections to its fair housing laws through House Bill 6, but the on-the-ground efficacy of this law has yet to be proven. Ongoing initiatives to increase voucher acceptance, such as the Landlord Risk Fund, should be simplified to maximize landlord participation and adoption.

Though the City's budget process poses a barrier to expanding CSRAP, it should **identify ways to expand the program not just to support emergency rehousing but also to reduce cost burden** for extremely low-income households. The City should make a longer-term commitment to fund additional vouchers.

The City should also support a **lease to ownership program through vouchers**, to support long-term wealth-building. This program can be layered with other homeownership entry programs such as the DPA program and single-family infill development.

Tenant Based Vouchers (TBV) increase affordable housing options for low-income families by subsidizing rental payments. Tenants pay 30 percent of their income toward rent, and the voucher pays the remaining difference up to a predetermined standard for market rents.

Subsidy | Tenant-Based Vouchers (TBV)

IMPACTS

An effective TBV program contributes to economic mobility by helping extremely low-income households afford housing, and helps households experiencing homelessness to maintain or establish housing stability, reducing strain on emergency resources including shelters.

GUIDING PRINCIPLES

Racial Equity The City and CRHA should identify and address any barriers BIPOC households may face in accessing vouchers and work to eliminate them. The City should track impacts data disaggregated by race.

Regional Collaboration Vouchers should continue to be provided to people who either live or work in Charlottesville, allowing commuters to seek housing outside of city limits with vouchers.

Comprehensive Approach Vouchers serve extremely low-income households (30% AMI) and are an important complement to other renter subsidy programs that are more targeted to 60% AMI households.

IMPLEMENTATION

Lead and Partners
CRHA
Housing Staff
CAHF Committee, HAC

Action Steps

1. The City will simplify and implement the proposed Landlord Risk Reduction Fund and conduct outreach to encourage participation.
2. The City will work with CRHA to streamline administrative processes and grow capacity as needed to implement voucher programs.
3. Pending input from CRHA, the HAC and the CAHF Committee, the City will identify ways to expand CSRAP to serve more households and reduce cost burden.

Timeframe
Immediate (ongoing)

Funding Needs
Approximately $9,000 per voucher annually

Subsidy | Emergency Rental Assistance

Establish a **permanent eviction prevention fund** to provide emergency rental assistance to lower income households in crisis**.**

CONTEXT

COVID-19 has increased the risk of eviction for low- and moderate-income households nationwide. Charlottesville is in the process of designing a COVID-19 response and recovery program. In 2020, the City received Community Development Block Grant Coronavirus (CDBG-CV) funding, as well as CARES funding, to support disaster recovery programs related to the prevention of, preparation for, and response to the COVID-19 pandemic. The program makes payments directly to landlords, and requires landlords to match the funding through forgiven rent or an extended payment plan. Pre-COVID, Charlottesville also provided some other emergency rental services through its community resource hotline and Housing Opportunities for People with AIDS/HIV program.

RECOMMENDED CHANGES

The City of Charlottesville should set up a permanent emergency relief program with clear budget appropriations, layering in both resident-facing services that exist through the community resource hotline and landlord-facing mediation as built in through the COVID recovery program. The City should work with Albemarle County, TJPDC, and other regional partners to extend similar benefits regionally and coordinate the provision of services.

IMPACTS

A permanent emergency rental assistance fund recognizes the reality that low-income households face emergency situations and housing instability on a regular basis, even outside of a pandemic. A clear regional protocol for emergency rental assistance, as established through the COVID recovery process, will help both beneficiaries and landlords navigate rental assistance programs.

GUIDING PRINCIPLES

Racial Equity The emergency rental assistance program should be structured to ensure there are not barriers to access by BIPOC renters.

Regional Collaboration The COVID response has set a precedent for regional collaboration in disseminating emergency rental assistance and standardizing practices—this should continue in the future.

Comprehensive Approach Emergency rental assistance should be coupled with strengthened tenants' rights to address systemic challenges to housing instability.

Subsidy | Emergency Rental Assistance

IMPLEMENTATION

Lead and Partners
Regional Partners
Housing Staff
Nonprofit Partners

Action Steps
1. Convene a regional taskforce to coordinate emergency housing assistance and COVID-19 Response.
2. Through a competitive process, identify nonprofit partners to implement emergency housing programs.
3. Over time, formalize programs and develop tools for future emergency response.

Timeframe
Near Term (within 18 months)

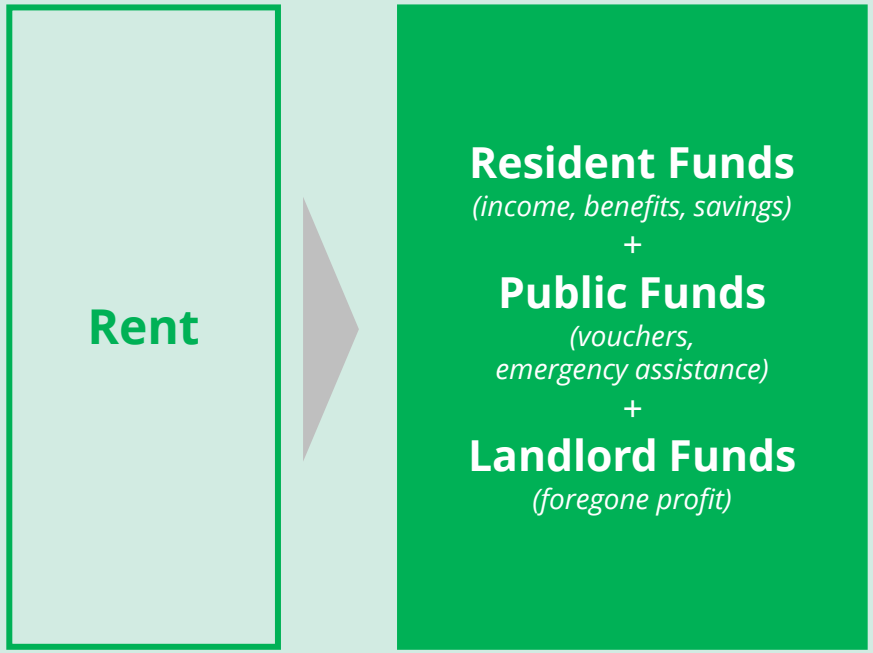
Funding Needs
Approximately $800 per household per month

Subsidy | Emergency Rental Assistance

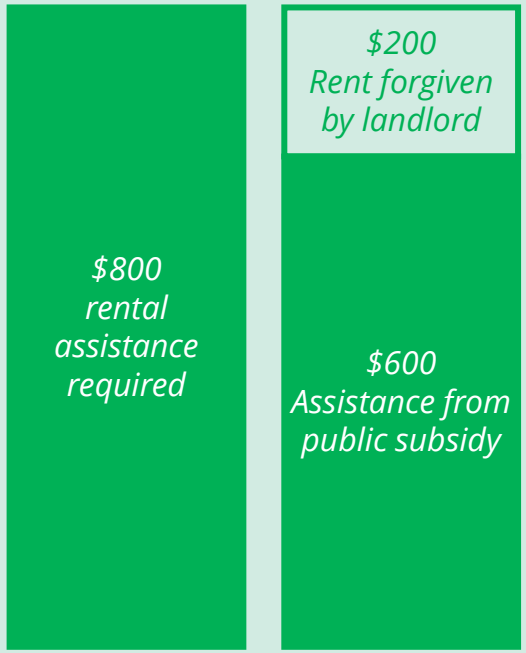
Landlord Cost-Sharing

The City of Charlottesville alone cannot meet the full financial need of households facing displacement, and landlords should share in the cost. An emergency rental assistance program should be designed such that landlords are required to forgive a portion of back rent, receiving a partial—not full—repayment of funds through local subsidy.

How to Meet Need for Rent



Example Impact of 25% Landlord Rent Forgiveness



Potential impact of $1M in public subsidy, assuming households receive assistance for six months:

Without forgiveness:	*With forgiveness:*
208 households	***278 households***

Impact: ***33% more*** *households are served with the same amount of public funding when 25% of rent is forgiven by landlord*

Affordable Homeownership Subsidy Tools

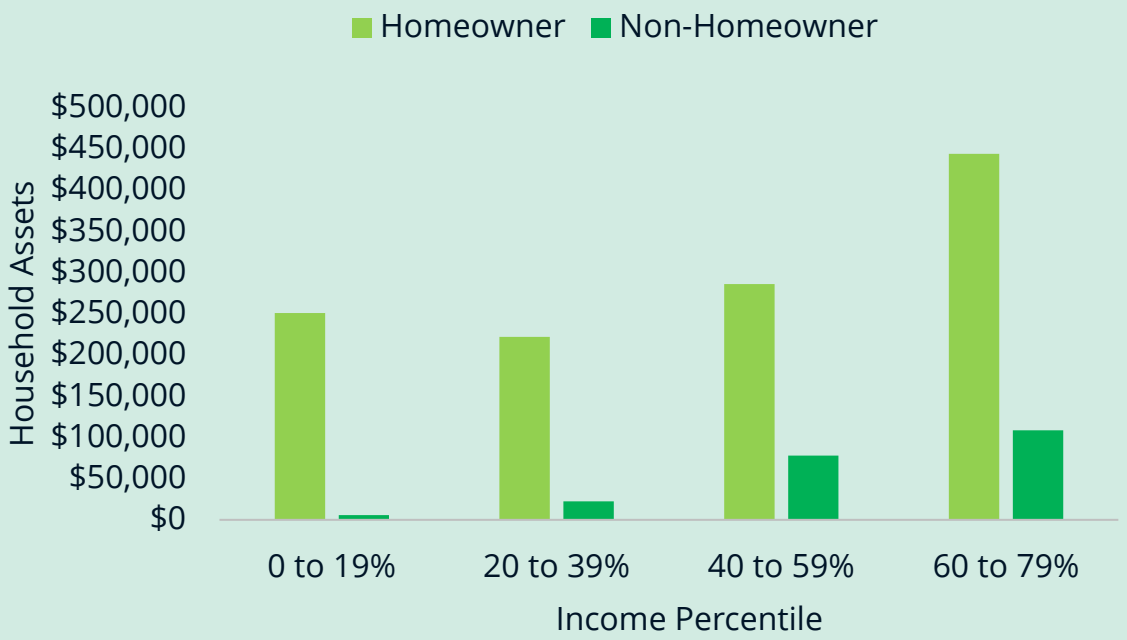
Subsidy | Importance of Homeownership

Homeownership remains an important wealth-building tool for households in the U.S.

Homeownership enables families to save for retirement, college, or to start a business. When homeownership is unaffordable and ownership rates lower, households struggle to prosper.

- **In general, across the U.S., homeowners are much wealthier than non-homeowner households** even within the same income band.
- **In Charlottesville, there is a significant disparity in Black and white homeownership rates**.

Average Household Net Worth for Homeowner vs. Non-Homeowner Households by Income Band, U.S., 2016

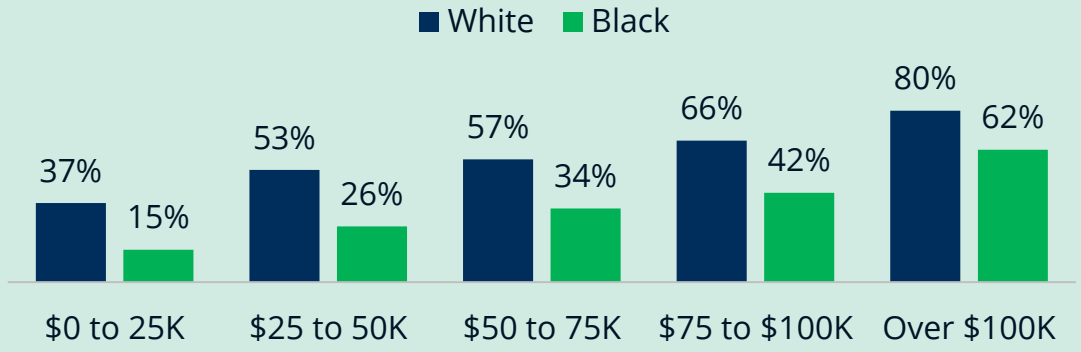


Median Home Value, 2018

$345,961
in Majority white Census Block Groups

$193,920
in Majority Black Census Block Groups

Homeownership Rate by Income Band by Race in the Charlottesville Region, 2018



Sources: Federal Reserve Survey of Consumer Finances, 2016; U.S. Census 2018 American Community Survey 5-Year Estimates; 2014-2018 Public Use Micro-Survey (PUMS) 5-Year Data for the Public Use Microdata Area containing Charlottesville

Subsidy | Down Payment Assistance

Revise Charlottesville's existing down payment assistance (DPA) program to provide **a greater level of assistance and serve a larger number of households.**

CONTEXT

Several local nonprofit organizations, such as the Piedmont Housing Alliance, administer a Down Payment Loan Program for households whose income is below 80% AMI, and provide housing counseling to support new homebuyers. In the past three years, the City has supported roughly ten home purchases per year with down payment assistance, at an average of $27,000 per loan, or roughly 15% of the home purchase price. Dedicated DPA funding currently comes from state and federal sources.

The high cost of housing is a major barrier to the impact of down payment assistance. In the City of Charlottesville, the median home price is over $350K (for which a 20% down payment would be $70K). Applicants are also limited by requirements around income levels, credit worthiness, and other metrics of financial readiness. Existing programs including Habitat for Humanity and the Thomas Jefferson Community Land Trust (TJCLT) complement and support down payment assistance by developing affordable single-family homes for purchase in Charlottesville, but this pipeline is limited.

RECOMMENDED CHANGES

The City of Charlottesville should make the following changes to increase DPA capacity:

- Allow for higher levels of assistance, up to 20% of the median sales price of a home in the City, to be updated annually. This will enable more households to afford homeownership, by reducing the upfront costs of homeownership and eliminating the need to pay for mortgage insurance.
- Provide DPA in the form of loans with 0% interest and no payments. In order to preserve the home's affordability over the long term, this loan will not be forgivable unless the household's income is under 30% of AMI, in which case the loan will be forgiven on a pro rata basis over ten years. If the household earns over 30% AMI the loan can be passed to the new owner if the new owner earns below 80% AMI. If the home is sold to a household earning above 80% AMI, the seller must repay the loan from the proceeds of the sale. Repaid funds will be used to make new loans to income-qualified homebuyers.

Down payment assistance (DPA) reduces the up-front costs of homeownership by providing income-qualified households with a loan or grant to cover a portion of the down payment and closing costs.

Homebuyer counseling helps prospective first-time homebuyers with planning for the full costs of homeownership, including insurance and maintenance, to ensure that households are financially prepared for homeownership.

Right to First Offer

When a home supported through down payment assistance is put up for sale, homebuyers at or below 80% AMI should have a right to first offer for 90 days.

This would allow income-qualified buyers to compete in a competitive housing market that favors wealthier buyers with ready cash. A 90-day period would provide the time and flexibility to prepare a home purchase offer.

Subsidy | Down Payment Assistance

(CONT'D)

- Explore dedicating additional funding to provide homebuyer counseling and asset building assistance to prepare households to qualify for mortgage financing. These programs should focus on communities who have historically faced discrimination in mortgage lending, to support racial equity.
- Pursue additional funding from Community Reinvestment Act motivated lenders, mission-minded corporations, institutions, and philanthropies.
- Run a competitive process for nonprofit partners to receive funding to administer this program; multiple aligned programs may be appropriate.

IMP-ACTS

Homeownership remains a key means of building and accessing wealth, and an expanded down payment assistance program will help moderate-income residents to build stability and wealth. Down payment assistance programs will have the most impact when paired with programs that expand the availability of moderately priced homes, such as soft density zoning.

GUIDING PRINCIPLES

Racial Equity A down payment assistance program can mitigate a systemic racial wealth gap. Racial inequities in homeownership both reflect and result from persistent inequities in intergenerational wealth transfers and access to capital.

Regional Collaboration City-supported down payment assistance may be used for housing options regionally, including in the urban ring, to provide households a wider range of housing options that are affordable.

Comprehensive Approach Down payment assistance provides an important complement to renter-focused subsidy programs.

IMPLEMENTATION

Lead and Partners
Housing Staff
Nonprofit partners
Private lenders and funders
CAHF Committee

Action Steps
1. Pending CAHF Committee recommendation, the City will dedicate funding for DPA.
2. The City will select a nonprofit partner through a competitive process to administer the DPA program.

Timeframe
Near Term (within 18 months)

Funding Needs
Up to $50K per household

Subsidy | Down Payment Assistance

Building Wealth vs. Preserving Affordability

Support for homeownership helps low- and moderate-income households build wealth by accumulating home equity, but DPA does not necessarily preserve the affordability of the home purchased after the homebuyer sells the house. Charlottesville must weigh the tradeoffs between helping residents build wealth and making housing affordable over the long-term, which can be achieved through policy design.

Let's assume the City helps a low-income household purchase $250,000 home with $50,000 in DPA. This would serve a household with an income of at least $51,000. After the home value appreciates at 2.5% per year for ten years, this owner decides to sell the home for its market value: $320,000. The diagram below shows how different DPA policy designs would affect the outcomes of this transaction:

EMPHASIS ON BUILDING WEALTH ← TYPES OF FUNDING ASSISTANCE → EMPHASIS ON PRESERVING AFFORDABILITY

Format of DPA:	Forgivable Loan or Grant	Unforgiven Loan with 0% Interest	Unforgiven Loan with Interest
What that means:	If homebuyer remains in the home for a minimum period (e.g. 10 years), the down payment assistance loan is forgiven and becomes part of the household's assets.	When homebuyer sells the home, they repay the down payment assistance out of sale proceeds. Funds are redirected to a new homebuyer.	When homebuyer sells the home, they repay the down payment assistance, with interest, out of sale proceeds. Funds are redirected to a new homebuyer.
Original owner's equity at sale:	**~ $138,000** ($320K sale price minus $22K sale costs and $160K first mortgage)	**~$88,000** (sale price minus sale costs, first mortgage, and $50K DPA)	**~$77,000** (sale price minus sale costs, first mortgage, and $60K DPA w/ interest)
New owner's required income:	**$78,000/yr** ($0 DPA received)	**$68,000/yr** ($50K DPA received)	**$66,000/yr** ($60K DPA received)

A forgivable loan or grant would provide the original owner with the most equity at sale, but the benefit of this public assistance would end with the first owner, and the income requirements for the next owner would be steeper. Unforgiven loans still provide the original owner with equity from property value appreciation, though to a lesser extent than a forgivable loan, and the transferred public assistance would help future lower-income homeowners qualify for homeownership.

Underlying assumptions: 30-year first mortgage with 4.5% interest, 2% interest on second mortgage, 7% sale costs, $4,000 closing costs, 0.85% property tax rate, 1% inflation

Subsidy | Employer-Assisted Down Payment Assistance

Encourage and work with major regional employers, like UVA, to develop employer-funded Down Payment Assistance programs as a benefit for employees.

CONTEXT

Large employers—such as universities, hospitals, and private corporations—have an interest in helping their employees live in safe and affordable housing close to work. The City's largest employers include the University of Virginia, UVA Medical Center, Sentara Healthcare, State Farm Insurance, Wal-Mart, and Food Lion, among others.

REC'D. CHANGES

The City of Charlottesville should encourage major employers to create employer-assisted down payment assistance programs. The City should identify large employers with the capacity and interest to support a down payment assistance program for employees, educate leaders about the costs and benefits of such a program—for example, improved worker retention and community relations—and encourage major employers to provide down payment assistance to employees.

IMPACTS

An employer-assisted down payment assistance program would expand wealth-building and housing stability through homeownership for more Charlottesville residents. The program could potentially match public and private funding, both amplifying the impact of public dollars by leveraging private contributions and help employers better attract and retain workers.

GUIDING PRINCIPLES

Racial Equity An expanded down payment assistance program can further mitigate a racial wealth gap. Employer-led programs should seek to proactively serve households to address inequitable access to homeownership resulting from cost barriers and racial inequities.

Regional Collaboration Employers across the region should participate in securing new employee homeownership, including in the urban ring.

Comprehensive Approach Down payment assistance complements renter-focused subsidy programs.

Case Study | Yale Homebuyer Program

The Yale Homebuyer Program was established in 1994 to support Yale employees, including faculty and permanent staff, with $30,000 to $35,000 in (pre-tax) benefits over ten years, to be used towards a home purchase.

Participants must commit to owning and residing in the home for at least two years from the date of closing, and the benefit ends when occupancy ends. Therefore, to receive the full $30,000 to $35,000, participants must reside in the home for ten years.

Between 1994 and 2015, the Homebuyer Program supported 1,134 new homeowners.

Source: Yale University

Subsidy | Employer-Assisted Down Payment Assistance

IMPLEMENTATION

Lead and Partners
Housing Staff
Large employers

Action Steps
1. The City will work with local employers to encourage the development of employer-assisted down payment assistance programs.

Timeframe
Near Term (within 18 months)

Funding Needs
No local funding

Subsidy | Section 8 Voucher to Homeownership

Encourage CRHA to create the option of and access to homeownership for Section 8 Voucher users.

CONTEXT

The Charlottesville Redevelopment and Housing Authority (CRHA) has considered adopting a Section 8 Voucher to Homeownership Program, which is authorized by HUD. A Voucher to Homeownership program allows for Section 8 housing vouchers to be used towards monthly mortgage payments instead of monthly rent, while requiring that participants pay a minimum 3% down payment. This type of program not only allows low-income voucher holders to access the benefits of homeownership such as wealth-building and housing stability, but also increases voucher holders' affordable purchase price by effectively increasing their income. As of 2017, 10 housing authorities in Virginia offer the program.

RECOMMENDED CHANGES

The City should encourage the CRHA to create a Section 8 Voucher to Homeownership Program. In addition to establishing a program per HUD's HCV Homeownership Regulations, CRHA should:

- Identify collaborating lenders to support a mortgage product that uses vouchers;
- Publicize program eligibility and benefits to households using vouchers, and providing participant households with mandatory homeownership counseling;
- Layer program with complementary programs such as city-provided down payment assistance;

IMPACTS

A Voucher to Homeownership program would increase access to homeownership for the lowest-income households. By increasing the monthly amount that an assisted homebuyer can pay, such a program would increase the value of home they can afford. The program would also extend the impact of complementary homeownership programs such as down payment assistance and single-family infill programs.

Subsidy | Section 8 Voucher to Homeownership

GUIDING PRINCIPLES

Racial Equity A Voucher to Homeownership program could help bridge the racial wealth gap for residents at the lowest income levels.

Regional Collaboration Vouchers should be used for home purchases in Charlottesville and within the urban ring.

Comprehensive Approach This program provides residents with the flexibility to user a renter-focused subsidy program to support homeownership goals.

IMPLEMENTATION

Lead and Partners
CRHA
Housing Staff

Action Steps
1. CRHA will establish a local Section 8 Voucher to Homeownership Program in line with HUD and Virginia regulations.
2. The City will encourage participants to also apply for down payment assistance, to further impact of voucher subsidy.

Timeframe
Near Term (within 18 months)

Funding Needs
No local funding

Subsidy | Local Mortgage Pool with Individual Development Accounts

Develop specialty mortgage products and provide supporting services that help low-income homeowners succeed at homeownership.

CONTEXT

Mortgage underwriting standards and practices have greatly restricted access to mortgage financing since the Financial Crisis, particularly among BIPOC and moderate-income households. Many of these adjustments to underwriting practices are viewed as an appropriate response to excessively loose underwriting that contributed to historic foreclosure rates. Unfortunately, in many instances there has been an overcorrection that reinforces racial disparity in homeownership.

RECOMMENDED CHANGES

The City of Charlottesville should work with lenders and nonprofits to develop specialty mortgage products and provide supporting services that better fit the circumstances of BIPOC as well as moderate- and low-income homeowners. Towards this end, a local loan pool drawing from motivated banks, credit unions, major employers, philanthropies, and public funding that originates mortgages that are designed to fit the needs of households who cannot access mortgage financing currently.

- Allow for greater flexibility on credit scores, relying on non-traditional demonstrations of credit ability such as on-time rent payment.
- Eliminate mortgage insurance, an expensive and ongoing cost that penalizes households with less family wealth.
- Lower down payment requirements to a nominal requirement of $3,000 and apply down payment to an individual development account. This approach increases a homebuyer's post-closing liquidity, which significantly reduces risk of foreclosure and is a "win-win" for both buyers and lenders.
- Provide post-purchase ownership housing counseling, such that if a household needs assistance (either requests assistance or misses a mortgage payment), a qualified housing counselor is available to provide advice, and the housing counselor has access to an emergency loan program or similar to help a household stabilize their finances.

A **mortgage loan pool** allows participating financial institutions and funders to jointly fund a program that originates mortgages with favorable terms to help low-income first-time homeowners access homeownership. Such a program both expands options and access for these homeowners, and helps to minimize risk to banks who participate in offering nonconforming mortgages, such as those with lower down payment requirements and other flexible guidelines.

An **individual development account** (**IDA**) is a type of savings account designed to help low-income individuals build assets and achieve financial stability and long-term self-sufficiency. People use IDAs to save money to start a business, pay for education, or buy a home. The JP Morgan Chase Institute found that reducing the amount of down payment while increasing the amount of reserves a household held in the bank to three months greatly reduced the risk of foreclosure.

Source: https://www.jpmorganchase.com/institute/news-events/institute-prevent-mortgage-default

Subsidy | Local Mortgage Pool with Individual Development Accounts

IMPACTS

Expanding access to homeownership through a local mortgage pool and individual development account will increase homeownership among BIPOC and moderate-income households. A well-designed program should be able to revolve the majority of funds invested, leveraging public and private funding to increase impact.

GUIDING PRINCIPLES

Racial Equity This program target and address racial inequities in mortgage lending that have persisted as a form of financial redlining.

Regional Collaboration This program should be implemented at a regional scale, ideally through a broad partnership of lenders and funders.

Comprehensive Approach This program expands and supports homeownership by targeting root sources of high costs and inequity.

IMPLEMENTATION

Lead and Partners

Housing Staff
Nonprofit partners
Local lenders, employers, and regulators

Action Steps

1. Add enhanced services requirement to affordable homeownership loan terms.
2. Establish an action plan (with explicit reporting protocol and detailed services) for mortgage lenders, City staff, and non-profit partners.

Timeframe

Longer Term (within 3 to 5 years)

Funding Needs

Approximately $300 – 500 per household served

Mortgage Pool Case Study | Self Help Secondary Mortgage Market Program

Self-Help is a community development financial institution that has assisted people traditionally underserved by for-profit lenders. One of its programs is an innovative secondary market program formed through a partnership between philanthropy, private for-profit lenders, and Fannie Mae. Under this program, commercial banks provide mortgages with low down payments and flexible guidelines to low-income prospective homebuyers who otherwise cannot access conventional financing. Self-Help then purchases these mortgages from banks and sells them directly to Fannie Mae, with the promise it will cover the cost of most defaulted loans, with the help of philanthropic funding. In return, banks will commit to continuing to relend this money to an equivalent number of low-income homebuyers.

Source: Self-Help Credit Union

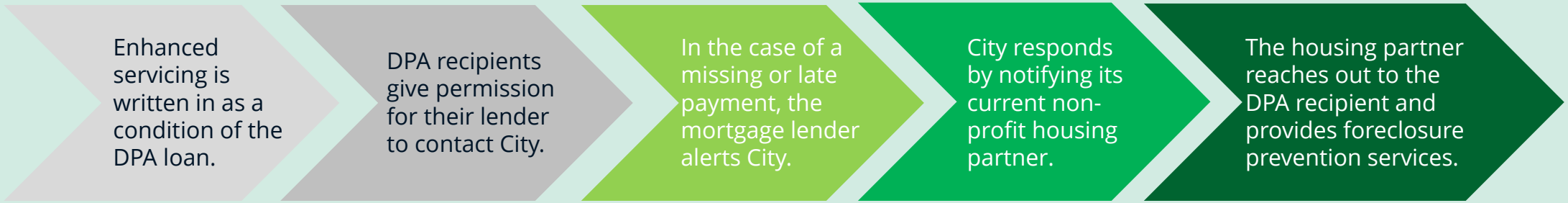
Subsidy | Local Mortgage Pool with Individual Development Accounts

Enhanced Servicing

Financial literacy and counseling services often end after homebuyers receive their mortgages. Counseling is particularly limited for "credit-ready clients" who are only required to take HUD's eight-hour workshop and do not receive personalized, continuous services through a tailored program. This poses a challenge for many first-time homebuyers, who may not be aware of the heightened maintenance obligations they have as homeowners. These new homeowners would likely benefit from long-term help as their properties age and the hidden costs of homeownership become challenging.

The City of Charlottesville should work to offer enhanced servicing for its Down Payment Assistance program. If a buyer falls behind on their payments, their mortgage lender would be allowed to notify the City. The City would then notify the vendor administering DPA, so the vendor could contact the homeowner to identify issues, provide homeowner support services, and help to prevent foreclosure.

Throughout the country, similar programs have been utilized to help new homeowners navigate the full cycle of the lending process. Successful strategies include first year follow-up requirements that provide a designated time for households to meet with housing counselors to proactively discuss any challenges they've encountered. This follow-up session is a chance for counselors to advise residents on alternatives to high-risk forms of credit that are newly available to them as homeowners.


Enhanced servicing is written in as a condition of the DPA loan.
DPA recipients give permission for their lender to contact City.
In the case of a missing or late payment, the mortgage lender alerts City.
City responds by notifying its current non-profit housing partner.
The housing partner reaches out to the DPA recipient and provides foreclosure prevention services.

Subsidy | Single-Family and Soft Density Infill Development

Partner with developers to build and renovate **affordable single-family and "soft density" housing** in existing neighborhoods.

CONTEXT

A pipeline of high-quality for-sale affordable housing is important to supporting access to homeownership. Charlottesville has already partnered with nonprofits including Habitat for Humanity and the Thomas Jefferson Community Land Trust (TJCLT) to support the development of infill housing in existing single-family neighborhoods, but the City can create a standard competitive process to provide support through consistent programs rather than individual projects.

RECOMMENDED CHANGES

The City should support private and nonprofit developers working on single-family and soft density infill development and rehabilitation in existing neighborhoods. Public support can include providing land, regulatory relief, technical assistance, and funding subsidies in the form of land, grants, and low-cost loans. New homes should be sold at market value to income-qualified homeowners who receive counseling and down payment assistance. The City should:

- Create an annual program with a stable stream of funding, where the City awards funding for infill homeownership on a competitive basis.
- Expand the eligible geography to include areas in the urban ring.
- Implement a shared equity and permanent affordability approach to infill single-family housing.

IMPACTS

Homeownership is a primary means of wealth building for American households. **By producing a pipeline of quality affordable homes for new income-qualified homeowners,** the City can increase access to homeownership and help residents build wealth while supporting housing quality in its neighborhoods. By integrating infill affordable housing within existing neighborhoods, this program would also help create mixed-income communities of homeowners.

Subsidy | Single-Family and Soft Density Infill Development

GUIDING PRINCIPLES

Racial Equity This program should be designed intentionally to ensure it supports racial equity and provides homeownership opportunities for BIPOC.

Regional Collaboration To support regional collaboration, the City should identify opportunities to support single-family and soft density infill development within the urban ring.

Comprehensive Approach Soft density zoning would increase the feasibility of single-family and soft density infill development.

IMPLEMENTATION

Lead and Partners
Housing Staff
Nonprofit partners
Private developers
CAHF committee

Action Steps

1. The City will evaluate the use of receivership process to bring delinquent or abandoned properties into public ownership.
2. The City will develop criteria for the disposition of these public parcels and release an RFP. The City will also develop criteria and work with the CAHF committee to identify additional funding to support infill development.

Timeframe
Near Term (within 18 months)

Funding Needs
Approximately $45K per home

Subsidy | Owner-Occupied Rehabilitation Assistance

Support and preserve homeownership by providing assistance to **income-qualified owners to make necessary home repairs.**

CONTEXT

Nonprofit partners including Albemarle Housing Improvement Program (AHIP) and the Local Energy Alliance Program (LEAP) administer housing rehabilitations for low-income homeowners in Charlottesville and Albemarle County. AHIP's program assembles public and philanthropic capital to make home repairs for low-income households. Older homes occupied by lower-income households can reach a state of disrepair that would risk occupant safety, and major upgrades such as roofing and insulation can significantly benefit owner safety, comfort, and utility costs. AHIP currently targets an average of 20 significant rehabs a year, at $40K each; 10 energy retrofits, at $5 to 10K each; and 15 emergency repairs, at $3,500 each. LEAP's program focuses on weatherization retrofits for low-income households and seniors.

RECOMMENDED CHANGES

The City should continue to provide funding for owner-occupied rehabilitation (OOR) for low-income households.

- To allow for improved program capital planning, the City should commit a stable stream of funding on a 3- to 5-year schedule, and allocate funds through a competitive, transparent process.
- Support the long-term affordability of properties that receive significant public funding (see right).
- The owner-occupied rehab program should be aligned and paired with the down payment assistance and shared equity homeownership program.

IMPACTS

Continued support for owner-occupied rehab will improve housing quality and safety for homeowners, while also preventing displacement from homes due to an inability to pay for maintenance or repair. Energy retrofits can further support affordability by lowering household utility costs, which can be a substantial cost burden for lower-income households. Committing consistent funding to this program and coordinating its implementation with other homeownership support programs will increase the impacts of the City's overall efforts to create and support affordable homeownership.

Owner-occupied rehab is particularly important to address the needs of elderly residents seeking to age in place in their homes, and of people living with disabilities who require special accommodations.

Preserving Affordability

To support the preservation of affordability, the City should record a lien against a property receiving OOR if the value of repairs exceeds $20,000. The lien should be equal to 90% of the cost of the repairs, with a 10% forgiveness to make sure that the lien does not exceed the value of the repairs. The lien should be at 0% interest with no payments. At the sale of the house, income-qualifying households earning less than 80% should have the right to first offer for the property. If the house is sold to them, then the lien transfers; if the house is sold to a higher-income owner, it is due in full through the sale proceeds. This program feature will encourage the sale of properties that have received public funding to lower-income homebuyers.

Subsidy | Owner-Occupied Rehabilitation Assistance

GUIDING PRINCIPLES

Racial Equity This project should be structured to ensure that BIPOC homeowners do not have barriers to access. This could include working with community groups in neighborhoods with high BIPOC homeownership to market the program.

Regional Collaboration To support regional collaboration, nonprofit providers should continue to also rehab homes outside of Charlottesville, especially where doing so is cost-effective.

Comprehensive Approach Helping low- and moderate-income homeowners maintain the quality and safety of their homes is an important complement to more renter-focused subsidy programs and will help to mitigate displacement pressures that may be created by land use policy changes. Rehabilitations that involve energy retrofits will further support owner comfort and save on utility costs, while advancing the City's climate action goals.

IMPLEMENTATION

Lead and Partners
Housing Staff
Nonprofit providers
CAHF Committee

Action Steps
1. Pending CAHF Committee recommendation, the City will dedicate funding for OOR.
2. The City will select a nonprofit partner through a competitive process to administer the OOR program.

Timeframe
Near Term (within 18 months)

Funding Needs
Approximately $25K of local funding per retrofit, layered with $10 to 15K of philanthropic funding, for a price of $35 to 40K per retrofit

Subsidy | Property Tax Relief

Expand the provision of **property tax relief** to income-qualified homeowners.

CONTEXT

The City of Charlottesville currently provides several property tax relief programs targeted to low-income, elderly, and disabled homeowners. The Real Estate Tax Relief (RETR) program provides real estate tax relief to the elderly and disabled (including veterans). RETR is enabled at the state level but implemented differently in each locality. The Charlottesville Housing Affordability Program (CHAP) provides grants to low-income homeowners who do not qualify for RETR, providing grants from $500 to a full abatement depending on income (up to $55K). In FY20, RETR cost the City $0.6M and CHAP cost $1.4M. The City has been successful at designing a property tax relief program contingent upon and scaled to income levels.

RECOMMENDED CHANGES

The City of Charlottesville should maintain this program, as it is crucial to limiting cost burden for low-income homeowners living in areas with appreciating property value (typically areas of growing opportunity). The City should explore opportunities to expand and deepen its aid to lower-income households, such as by increasing awareness of this program among eligible participants. The City should also conduct a racial equity assessment of its tax abatement program and identify any potential barriers that BIPOC homeowners may have to accessing tax abatement. The City should also advocate at the state level for legislation to support an expanded anti-displacement property tax policy.

IMPACTS

A property tax relief program is an important anti-displacement tool. Preserving and even expanding this program will provide low-income homeowners with the flexibility and means to remain in their homes.

Subsidy | Property Tax Relief

GUIDING PRINCIPLES

Racial Equity As noted, the City should identify and address any potential barriers that BIPOC homeowners may have to accessing tax abatement. This could include working with community groups in neighborhoods with high BIPOC homeownership to market the programs.

Regional Collaboration The City has limited influence over tax abatement for other taxing jurisdictions but can and should share lessons learned from the racial equity assessment.

Comprehensive Approach The program addresses homeowner displacement, complementing programs that prevent displacement of renter households.

IMPLEMENTATION

Lead and Partners
City Council
City Treasurer

Action Steps

1. The City will evaluate the city's current distribution and impact of property tax relief to determine if a progressive expansion of property tax relief is needed to serve the most vulnerable homeowners.
2. The City will increase outreach efforts to ensure that all income-qualified homeowners make use of the program.

Timeframe
Immediate (ongoing)

Funding Needs
Up to $1,500 per household, or approximately $2M annually

Appendix

Glossary

Term	Definition
BIPOC	Black, Indigenous, and People of Color
By-Right Development	Development allowed under the zoning code without requiring City approval such as a variance or re-zoning
Cost-Burden	Under a standard set by the U.S. Department of Housing and Urban Development, a household is considered cost-burdened when it spends 30% or more of its income on gross housing costs, whether for renter or ownership housing.
Housing Trust Fund (HTF)	A locally-designated and controlled fund to pay for affordable housing development and programs.
Infill Development	Development or redevelopment of a vacant or under-used property within an existing developed area.
Loan-to-Value Ratio (LTV)	The percent of a building's value, calculated by net operating income divided by capitalization rate, which is supported by debt
Low-Income Housing Tax Credit (LIHTC)	A federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. The LIHTC program distributes federal income tax credits to developers through states' individual Housing Finance Agencies (HFA), which determine which projects receive tax credits under their federal allocation. There are two general types of credits that can be awarded, 9% credits and 4% credits.
Racial Equity	Understanding and giving people what they need to enjoy full, healthy lives, through structural and systemic change
"Soft Density"	Primarily single-family areas that allow additional housing typologies such as duplexes, triplexes, quadplexes, townhomes or row houses, and live-work housing - also known as "missing middle" housing
Subsidized Housing	Affordable rental and ownership housing developed and/or operated by non-profit and for-profit developers using public subsidies.

Area Median Incomes for Charlottesville

The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for many subsidized housing programs. The 2020 income limits by household size for Charlottesville are shown below.

	Household Size					
Percentage of Area Median Income (AMI)	**One**	**Two**	**Three**	**Four**	**Five**	**Six**
30%	$19,750	$22,550	$25,350	$28,150	$30,680	$35,160
50%	$32,900	$37,600	$42,300	$46,950	$50,750	$54,500
60%	$39,480	$45,120	$50,760	$56,340	$60,900	$65,400
80%	$52,600	$60,100	$67,600	$75,100	$81,150	$87,150
100%	$65,800	$75,200	$84,600	$93,900	$101,500	$109,000

Source: Virginia Housing – HUD Median Income for Fiscal Year 2020

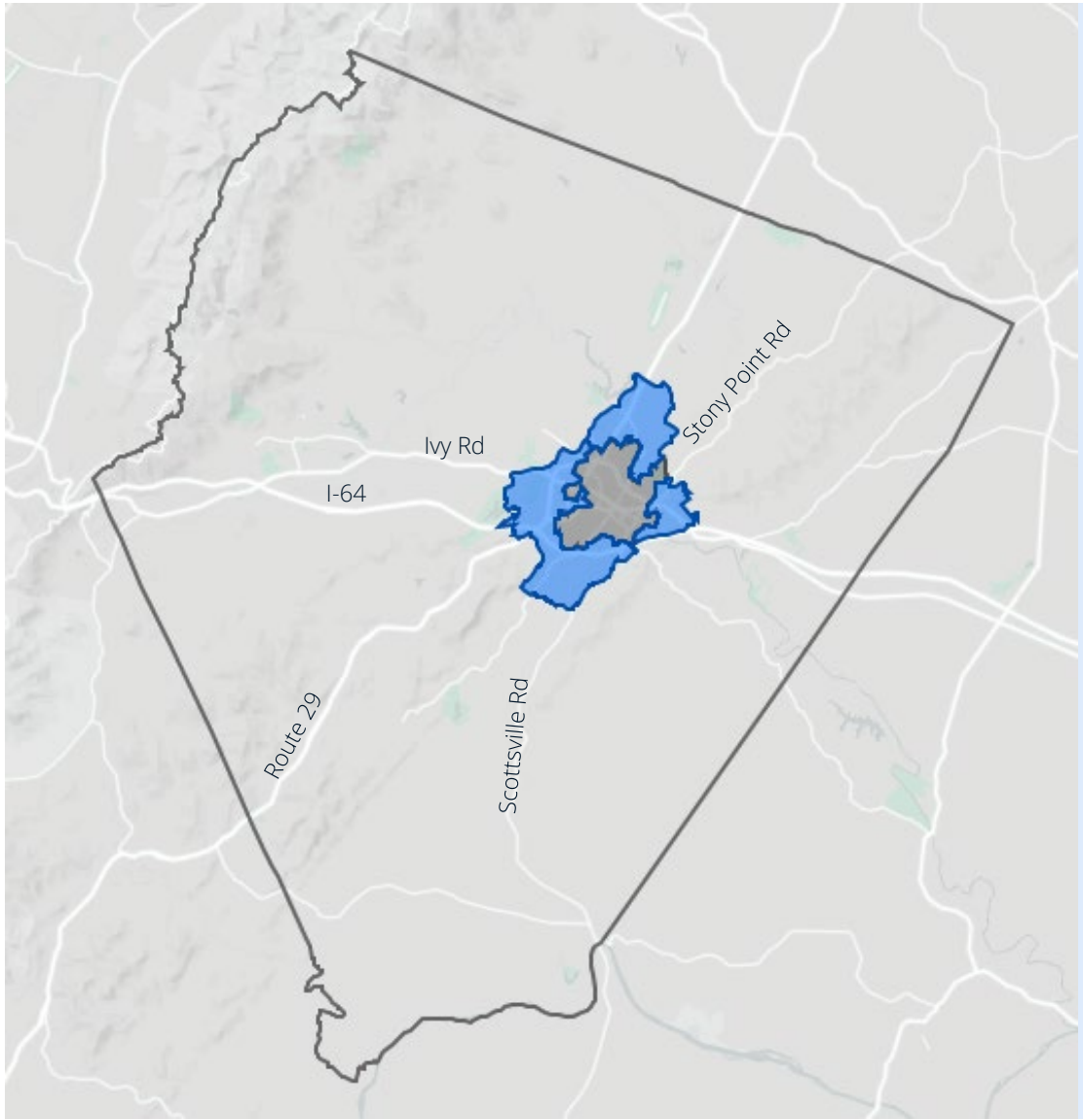
Affordable Rents by Income Level in Charlottesville

The 2020 affordable gross rent limits by household size and income level for Charlottesville are shown below.

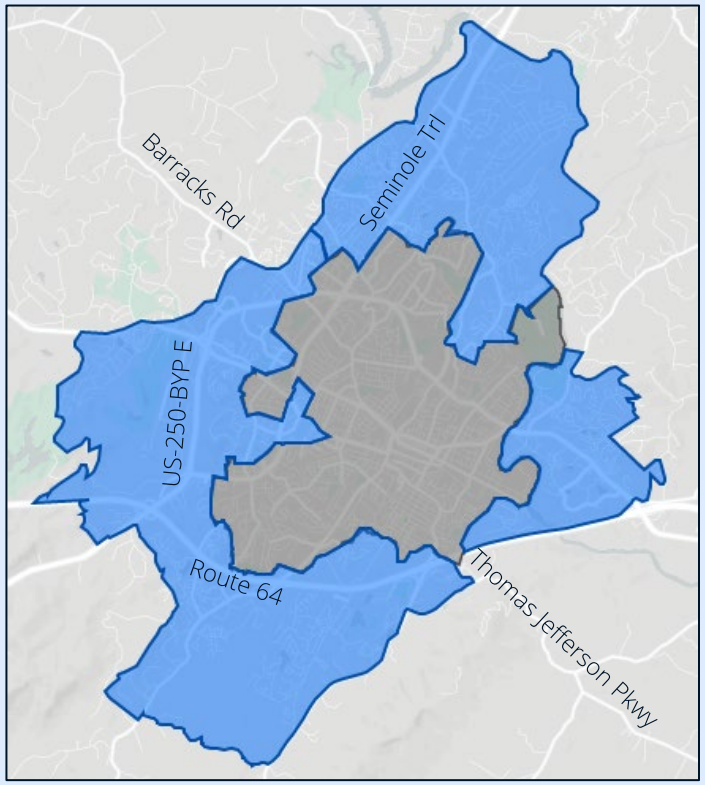
	Household Size					
Percentage of Area Median Income (AMI)	**One**	**Two**	**Three**	**Four**	**Five**	**Six**
30%	$494	$564	$634	$704	$767	$879
50%	$823	$940	$1,058	$1,174	$1,269	$1,363
60%	$987	$1,128	$1,269	$1,409	$1,523	$1,635
80%	$1,315	$1,503	$1,690	$1,878	$2,029	$2,179
100%	$1,645	$1,880	$2,115	$2,348	$2,538	$2,725

Source: Virginia Housing – HUD Median Income for Fiscal Year 2020

Land Use | The Urban Ring



The Urban Ring of Albemarle County



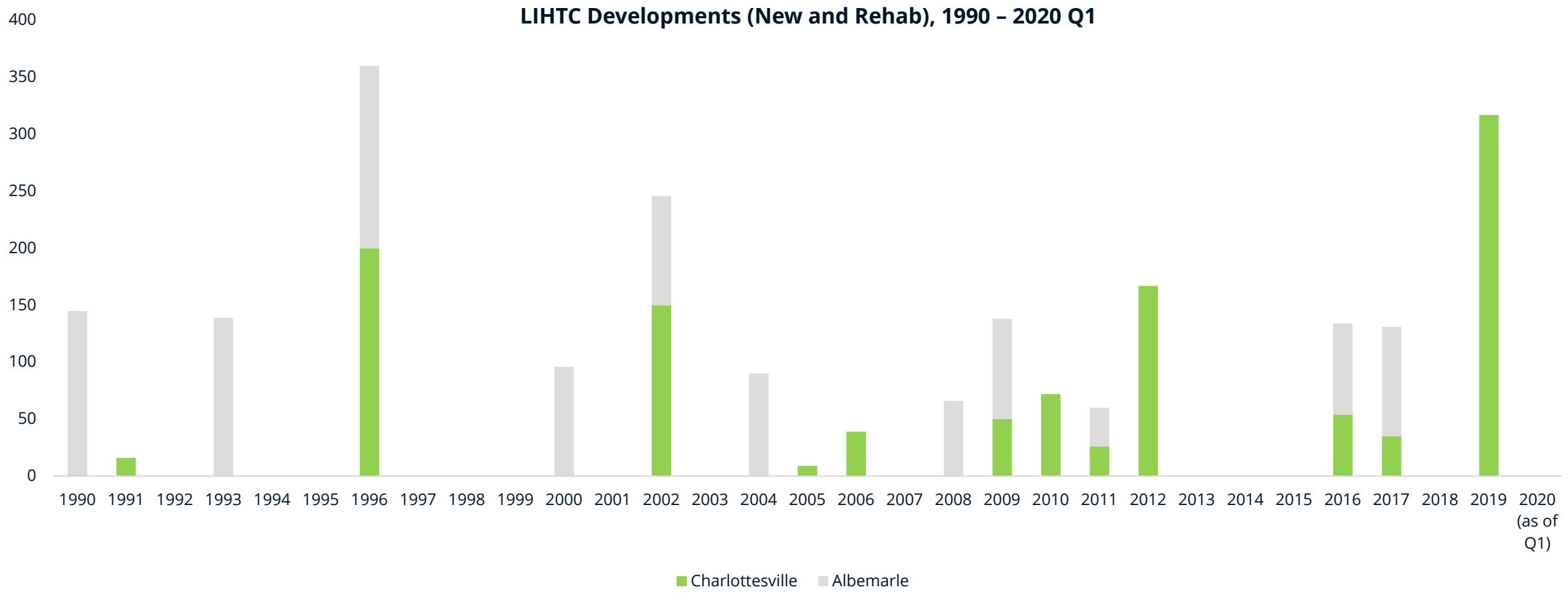
Albemarle County

City of Charlottesville

Urban Ring

Low-Income Housing Tax Credits (LIHTC) Development

Most LIHTC development in recent years has occurred directly within the City of Charlottesville, and not in surrounding Albemarle County.



Source: Virginia Housing Development Authority

Public Comments

A draft of the Charlottesville Affordable Housing Plan was available for public comment from November 3 to December 2, 2020. Individuals as well as organizations in and around Charlottesville provided written comments in response to this draft. Written letters received from organizations in Charlottesville are appended to the end of this final draft. A summary and compilation of all individual comments received through engagement with the public can be found here.

November 9, 2020

Charlottesville City Council
Charlottesville Planning Commission
City Hall
P.O. Box 911
Charlottesville, VA 22902

VIA ELECTRONIC TRANSMISSION

Dear Councilors and Commissioners,

The Charlottesville Area Association of REALTORS® (CAAR) applauds your efforts developing an Affordable Housing Plan as a part of your state mandated Comprehensive Plan update. The Regional Housing Assessment objectively outlined the dramatic need for this plan.

As a cornerstone of the democratic republic system of government, homeownership deserves a preferred place in this country's value system. Homeownership positively impacts community, civic, economic, and business responsibilities and contributes to employment stability, family security, and personal well-being.

CAAR believes the real estate industry, non-profit partners, state and local governments all can work together in establishing policies and programs which promote an adequate supply of affordable owner-occupied and rental housing, and which reduce regulatory and other barriers to housing availability and affordability.

After reviewing the 133 page "November 2020 – Draft for Review" plan, we do see several positive steps (increased by right multi- family zoning, increase by right soft zoning, and embrace of accessory dwelling units). We also appreciate the plan identifying increasing regulatory costs and the development approval process complexity as barriers to development of new affordable housing.

As a community, we stand on the shoulders of the leaders and policies who have come before us; both good and bad. Charlottesville's Affordable Housing Plan objectives state "racial equity" as a goal, **we are not convinced the limited tools suggested in the plan will bring this worthy goal to reality.**

CAAR strongly encourages City Council and the Planning Commission to measure the plan's strategies and see if you believe they will be sufficient to meet the plan's racial equity objective.

If not, we encourage the consultant team to expand their thinking regarding potential solutions.

Sincerely,

Thomas M. Woolfolk

Tom Woolfolk, 2020 CAAR President

November 9, 2020

To: Charlottesville City Council
Charlottesville Planning Commission

From: City of Charlottesville Housing Advisory Committee

Re: HAC Policy Subcommittee Draft Housing Plan Review and Recommendations

Dear Chairman Mitchell, Mayor Walker, Commissioners and Councilors:

The Housing Advisory Committee is grateful for this opportunity to send you recommendations regarding the draft Housing Strategy in advance of your November 10th meeting. With the support of City staff, the HAC's Policy Subcommittee held a public meeting on the draft on November 4th. What follows are recommendations emerging from that public meeting.

In general, the committee and members of the public expressed support for the draft. However, there are four specific areas that can be strengthened:

I. Housing and Economic Mobility
II. Land
III. Homeownership
IV. Funding

As always, we remain eager to support you in vetting housing proposals and would welcome a joint City Council/HAC work session on the topic of the housing strategy.

I. Housing and Economic Mobility:

Summary: We should not accept "low-incomeness" as a constant that must be worked around; it is a variable that must be changed. In a community bursting with job and career opportunities, with a robust network of resource providers, this is a variable that Charlottesville is uniquely positioned to change. Housing that people can afford can be achieved two ways: reducing expenses or increasing incomes/wealth. Building affordable units and subsidizing market-prized units can lower expenses. Creating pathways to family-sustaining careers and utilizing homeownership as a tool can increase incomes and wealth. Our affordable housing plan should recognize the benefits of making progress on both sides of the ledger: reducing costs and boosting incomes/wealth creation.

Specific Recommendations:

1. **Don't limit wealth creation**: Shared equity homeownership programs, including employer-assisted housing, are one mechanism we should deploy for increasing wealth creation. We should not limit that wealth creation, however, by restricting the sales price of the home. You do not encourage wealth creation by limiting wealth creation. Rather, apart from some segment of the affordable homeownership spectrum, like Land Trusts, the home owner – particularly lower wealth homeowners -- should be permitted to benefit from market gains, along with the shared equity partner, who can place those gains back into the fund that generates more wealth creation

through more shared equity investments. The City's current Housing Policy #1 provides a blueprint for this balance between equity in the home and equity that accrues to the benefit of the family. Land trusts and deferred down payment loans are two important tools, but equally, if not more important, are tools which provide a means for low-wealth families to earn as much equity as they can via homeownership.

2. **Permanently subsidized housing should be paired with opportunities for economic mobility wherever possible:** Public and subsidized housing play a critical role in our housing ecosystem. We should view publicly supported housing as both "safe havens" and potential "launching pads." For those without the capacity to earn more income, public housing needs to be available as an affordable, stable, decent place to live. A safe haven. For those seeking to realize their potential to earn more income, we should provide housing they can afford while traveling the pathway to career opportunities that pay a family-sustaining wage. A launching pad. This can lead to wealth creation, through programs that promote savings and home ownership, such as VIDA, HUD's family self-sufficiency program, self-help homeownership, earned income disregard, and Section 8's homeownership vouchers.

3. **The plan should explicitly acknowledge that housing affordability for many households is an income problem:** As stated in the 2018 Housing Needs Assessment, "Low levels of education and limited skills training condemn many individuals to low-wage jobs without access to career-ladder jobs that would allow them to reach a level of financial self- sufficiency. The service jobs available to persons with only a high school diploma do not typically provide a living wage, benefits or even full-time employment. Many need two or three part-time jobs to come close to a 40-hour workweek. To afford the average apartment at $1,384 per month – without a cost burden – a single person working at minimum wage ($7.25 per hour) would need to work more than 140 hours per week."

   Research from the Federal Reserve of Cleveland indicates that our nation's racial wealth gap is fundamentally a result of unequal labor income. Low-income families who spend all their income on survival are generally not in a position to build wealth, such as that which comes from buying a home.

II. Land

Summary: The Land Use section of the draft begins with a cautionary note as to the limitations of the impact of land use changes in and of themselves on housing affordability. There was strong agreement that a thorough overhaul of land use practice is needed urgently, but absent a thoughtful and careful integration of affordable housing policy and explicit affordable housing goals with those land use changes, any change in land use would be of limited positive impact on housing affordability and fraught with unintended consequences.

Specific Recommendations:

1. **"Soft density" absent specific provisions for housing affordability will have limited impact on affordability:** It will only catalyze affordable housing if by right allowances are specific to the provision of affordable housing. Creating many more units may eventually have an impact

on cost, but as the plan points out, the number of needed additional housing units in the coming decades looms large, and we cannot just build more and faster. We recommend that, throughout the document, references of "by-right soft density" should be changed to "by right affordable soft density." The purpose of "soft density" should be to produce affordable units, and "by right soft density" should be tied to affordability and the larger housing plan components of subsidy, vouchers, incentives and funding be integrated into any contemplated up-zoning.

2. **The zoning code needs an audit**: The zoning code and underlying policies should be scrubbed to make additional allowances available by right for affordable units. Additionally, the Standards and Design Manual should be reviewed and revised to accommodate them. Minimum lot sizes, bonus density allowances etc., should all be targets for revisions for this accommodation. The code should also be reviewed to ensure it doesn't impede contemporary residential use, (e.g., home-based business use, household size and composition, etc)

3. **Accessory Dwelling Units have great potential to help move the needle on affordability if their development is integrated into a larger strategy and supported aggressively:** ADUs can be an effective force multiplier in affordability. Over 60% of Cville housing stock is single-family. Enabling and encouraging additional density on single family lots can leverage that land They have a role in aging in place, supplement of income and increase in density and number of units, and many of the costs of production are mitigated by virtue of an extant dwelling and developed lot. The HAC agrees the present ordinance needs a re-write. Development of ADUs should be pointed directly at affordability. An ADU program should provide subsidy and incentive to produce affordable units, but any such program without a significant funding and financing component will likely languish. If the City seeks to have individual homeowners produce affordable units, and have the program produce substantial numbers of units, it must also provide a means to facilitate the financing. The HAC has explored this matter at some length and developed an outline of a pilot program for a public/private partnership in the financing of these units. The plan should provide for a robust ADU program that can be stood and launched quickly. We should be able to produce dozens if not hundreds of ADUs in a handful of years.

4. **There is an extant Land Bank Ordinance that should be finalized and enacted.** The HAC has long held that a land bank is a necessary component of an effective affordable housing plan. A prior Council tasked the HAC and City Staff to develop a land bank ordinance designed to facilitate the development of affordable housing. The HAC held public meetings to secure public input, and City Staff and the HAC collaborated to produce the ordinance, consulting with council and presenting it and re-presenting it to ensure it met Council's intent. The ordinance received Council's blessing subject to some final tweaks and edits, which have been in large part completed. The ordinance can be polished and finalized and presented to Council for passage in a matter of weeks. It can be organized and operating with a de minimis expenditure at most. The land bank should be re-prioritized for immediate, rather than mid-term implementation, and put to work.

III. Homeownership

Summary: The strong consensus was that the document should make a clearer link between equity and the accumulation of wealth through homeownership, particularly for people of color. African American wealth in Charlottesville is 1/10th of the general population, largely because of a 50% gap in black homeownership rates.

Specific Recommendations:

1. **The plan should present a more balanced spectrum of types of homeownership:** As written, the plan focuses almost exclusively on programs that limit the equity gain of families – in particular, it recommends the City adopt a down payment program with unforgiveable payback terms and elevates land trust models of permanent affordability at the expense of other arrangements that more directly address the racial wealth gap in Charlottesville. The plan should support a full range of homeownership options to serve different families and address a variety of housing issues – from unit creation and long-term affordability to wealth building and mobility/choice. To address historic actions taken by the City to strip communities of color from opportunities to build wealth, in addition to permanent affordability models, it needs to commit to fund forms of homeownership that leave subsidy in the project which in turn accrues to the benefit of low-wealth families

2. **The plan implies that homeownership is out of reach for people at or below 40% of AMI:** Given the demographics of wealth in Charlottesville, this amounts to giving up on people at the lower end of the income scale and suggests that the City is ok with the fact that low-wealth people should stay poor. Currently, for example, the CAHF supports programs that sell homes to families at or above 25% AMI. These programs work holistically with families to help them remove income and/or credit barriers and support them even after they purchase their homes. Pushing down the AMI often requires larger subsidy and more holistic support, but it is critical to closing the local racial wealth gap.

3. **The down payment assistance proposal is too restrictive**: By making all DPA funds permanent loans, it strips from low-wealth families the ability to earn that equity over time and hinders their ability to leverage the equity in their homes for home equity loans that allow them to purchase a more reliable car, or go back to school, etc. The rules around DPA should be flexible and reasonable. For lower-wealth families (under 50% AMI), DPA should come in the form of a grant. For families at higher incomes (50%-80% AMI), DPA should be come in the form of loans. In no case should a DPA loan be unforgiveable. If there is an affordability period, notes backing DPA should either dissolve over time or be forgiven if a family has stayed in their home for a certain period of time.

4. **The document is too narrow in its provision of funding tools for homeownership**: It suggests funding DPA programs and infill single family homes but not other types of interventions that produce affordable homeownership in Charlottesville. Examples should include, but not be

limited to: ADUs, Section 8 Homeownership; mortgage insurance subsidies and guarantees, Community Land Trusts; Resident Self-Sufficiency Programs, Self-help homeownership, mixed-income neighborhood development, etc.

IV. Funding

Summary: We strongly support the recommendation for a $10M annual, predictable financial commitment by the City, as referenced in the draft Charlottesville Affordable Housing Plan (CAHP). However, having reviewed the specific funding recommendations within the CAHP, we realized the allocation of funds needs to be thoughtfully evaluated and potentially re-categorized. Once these allocations are reclassified, it seems clear that only $4.9M will be left for capital programming, far less than what will be needed to align supply and demand as per the City's housing needs assessment. As proposed, the plan includes:

Administrative - $1M annually

We strongly support the CAHP recommendations to effectively operate a high-capacity housing team of City employees. However, we firmly believe housing staff costs should be integrated within the standard City budgeting process – like all other City departments – and should not be structured to consume part of $10M annual commitment.

"Household Stability" Non-Capital Funding - $4.1M annually

We strongly support the CAHP recommendations to predictably and robustly fund property tax relief ($2M), emergency rental assistance ($1M), CSRAP ($900k), and Right to Counsel ($200k) as necessary programs that play critical roles in keeping lower-income families stable in their homes. However, while the City does need to explicitly account for these funds, we believe these funds should be accounted for separately from the CAHF funds since they serve a function other than facilitating new homes.

"New Construction + Preservation" Housing Capital Funding - $4.9M annually

The remaining recommended tools in the CAHP fall within the category of creating (or long-term preserving) new homes. These tools include public housing redevelopment, gap LIHTC funding (including Friendship Court redevelopment), a preservation fund, accessory dwelling unit financing, land purchasing, down payment assistance, infill affordable homeownership development, and rehab assistance.

Specific Recommendations: We believe the collective "New Construction + Preservation Housing Capital Funding" tools will very likely require much more collective funding than the proposed $4.9M per year in order to achieve the goals stated in the draft CAHP. Relatedly, the HAC worked to develop a draft Intervention Analysis tool (IAT) which we believe provides a solid analytical foundation for evaluating such impact. While we are not attached to that tool specifically, we do believe a transparent and live evaluative tool is necessary. We hope to see the details behind the analysis in the draft CAHP so we can hone in on an effective level of annual capital funding commitment in order to close the unit gap within a comprehensive housing ladder of opportunity.

November 10, 2020

Dear Charlottesville City Council and Planning Commission,

Thank you for your ongoing commitment to develop a City of Charlottesville Affordable Housing Plan that centers on racial equity, regional collaboration, and a comprehensive approach. We are in complete alignment with those fundamental values. We also appreciate the clarity that the initial draft of the Affordable Housing Plan provides in defining and recommending many of the policy tools needed to address land use issues, tenants' rights, and subsidy.

However, the plan as it currently exists focuses on affordable homeownership opportunities for people earning 50% area median income or above. We agree that this is an important target population for affordable housing. We also feel that increasing affordable homeownership in Charlottesville can and should provide homeownership opportunities for those making 25-50% of Area Median Income. From experience we know that providing a robust set of tools can generate homeownership opportunities for people at all levels of income.

Programs like down-payment assistance loans and shared equity (defined in the plan as land trusts) are important components of the affordable housing toolbox. However, we believe that additional programs like downpayment assistance grants (as opposed to loans) for people at lower AMIs, housing choice vouchers for homeownership, family self-sufficiency programs, individual development accounts, self-help homeownership, incorporation of ownership opportunities in public housing redevelopment, mixed income neighborhood development, donations of tax delinquent property and neighborhood stabilization programs etc. would increase the robustness of the overall program and increase the likelihood of making a measurable impact on reducing housing and wealth inequities for populations of color in Charlottesville.

The City's Affordable Housing Plan must be aggressive and multipronged because the trends seen in our city are moving in the opposite direction. The Regional Housing Assessment conducted by the Thomas Jefferson Planning District Commission showed the rate of Black homeownership in Charlottesville fell by 24% (from 982 to 745) from 2000-2018, meaning that in the last decade **one in four Black homeowners either moved or lost their home, while white homeownership increased by 20% (from 5,739 to 6,906).**[1] The equity disparity is equally concerning. In urban areas in our region (primarily the City of Charlottesville) **54.5% of all white households own homes while only 29.2% of all black or African-American households own homes.**[2] As a result, African American wealth, due to the lack of equity gain in homeownership, is 1/10th that of others. It's important that we own our history. This stark imbalance of homeownership and wealth along racial lines that we experience today is due to intentional efforts from the federal government (redlining, racial deed restrictions etc.) to keep people of color out of the ownership market. *Segregated by Design*, an effort spearheaded by Richard Rothstein, author of The Color of Law, makes this crystal clear. Locally, the *Mapping Cville* project also provides clarity on the intentionality of this vicious racial discrimination.

To seek true equity, we must be equally as intentional. Charlottesville has an opportunity to make a bold move towards closing the racial wealth gap in our community. The plan as it currently exists is a good step forward, and we urge you to be bold and add additional tools that

[1] *https://www.cvilletomorrow.org/articles/determined-to-stay/*
[2] *https://tjpdc.org/media/CVRHP-Housing-Needs-Assessment-Packet-web.pdf*

can enhance the impact of the plan on our community and provide stronger pathways to wealth creation. We urge you to challenge the status quo and to demand a plan that specifically names how exactly it will prioritize racial and economic equity, not simply state it as a primary value.

We look forward to partnering with you to identify and champion specific homeownership policy tools that will live up to the aspirations of our City's Affordable Housing Plan.

Sincerely,

Cville Homeownership Advocates

Charlottesville Albemarle Affordable Housing Coalition
City of Promise
Community Investment Collaborative
Habitat for Humanity Homeowner Council
Interfaith Movement Promoting Action by Congregations Together
Monticello Area Community Action Agency
New Hill Development Corporation

preservationpiedmont
PO Box 2803 Charlottesville, VA 22902 preservationpiedmont@gmail.com preservation-piedmont.org

June 16, 2020

2020 BOARD OF DIRECTORS
Liz Russell (President)
Madeleine Hawks (VP)
Maria Chapel (Treasurer)
Emma Earnst (Secretary)
Bill Adams
Jim Boyd
Ed Brooks
Rebecca Deeds
Alex Ix
Jo Lawson
Lucy Midelfort
Melanie Miller
Mark Rylander
Mary Joy Scala
Kay Slaughter
Richard Guy Wilson

2020 BOARD OF ADVISORS
Richard Crozier
Helena Devereux
Bill Emory
Margaret Maliszewski Fritz
Jean Hiatt
Andrew Johston
Genevieve Keller
K. Edward Lay
Judy Mickelson
Tom Raney
Judy Rasmussen
Justin Sarafin
Edwima St. Rose
Ross Stevens
Roulhac Toledano
Peggy Van Yahres

Dear Cville Plans Together Steering Committee members,

Preservation Piedmont is a non-profit, grassroots organization established in 1993, dedicated to preservation public awareness and advocacy, serving the City of Charlottesville, the County of Albemarle, and adjacent localities. Preservation Piedmont continues to follow the Cville Plans Together comprehensive planning process and recognizes that Charlottesville is in a housing affordability crisis. Achieving equity and greatly increasing the availability of affordable housing are both critical goals that Preservation Piedmont fully supports, and they deserve great attention, significant action, and care.

In order to mitigate Charlottesville's affordable housing crisis multiple responses and tactics will be necessary. It is entirely possible and achievable to significantly increase the availability of affordable housing while preserving historic communities and maximizing the use of older housing. In fact, using older housing stock should be a central component of an affordable housing strategy. Preservation Piedmont urges members of the Steering Committee to consider the following with regard to Charlottesville's older housing stock:

- Historically Black neighborhoods including but not limited to Fifeville, Rose Hill, Starr Hill, and 10th & Page contain long-standing housing stock used by long-standing residents. These neighborhoods will be at great risk for speculative development, demolitions, and community displacement if zoning or other land use changes are made without safeguards, including strong disincentives for demolition.

- With Charlottesville's strong housing market and the area's consistent growth, we caution against the assumption that greater density on its own will create greater affordability:
    - Historic buildings are adaptable and older houses can support a variety of needs. Greater density can be achieved by sensitively rehabilitating buildings to change from single family to multi-unit houses.
    - Sensitive infill development is an appropriate way to increase density but if left to the market, these new units are unlikely to be affordable.
    - Adding capacity for Auxiliary Dwelling Units (ADU) is another way to increase density, but changes to policy must be carefully crafted. Short-term rentals should continue to be regulated. Removing the owner occupancy requirement for ADUs would put low-income communities at risk for displacement through speculative development and potential tear-downs that are not likely to generate more affordable housing without other safeguards.

- Older housing stock tends to be more affordable than new:
    - Older houses (pre-1960) tend to be considerably smaller than newly constructed houses, and hence more affordable.
    - A recent national study found that Low-income Housing Tax Credit (LIHTC) housing units are 25-40% more costly to build per unit than rehab of existing units.[1]

1 Comparing the Costs of New Construction and Acquisition-Rehab In Affordable Multifamily Rental Housing: Applying a New Methodology for Estimating Lifecycle Costs.

preservationpiedmont
PO Box 2803 Charlottesville, VA 22902 preservationpiedmont@gmail.com preservation-piedmont.org

2020 BOARD OF DIRECTORS
Liz Russell (President)
Madeleine Hawks (VP)
Maria Chapel (Treasurer)
Emma Earnst (Secretary)
Bill Adams
Jim Boyd
Ed Brooks
Rebecca Deeds
Alex Ix
Jo Lawson
Lucy Midelfort
Melanie Miller
Mark Rylander
Mary Joy Scala
Kay Slaughter
Richard Guy Wilson

2020 BOARD OF ADVISORS
Richard Crozier
Helena Devereux
Bill Emory
Margaret Maliszewski Fritz
Jean Hiatt
Andrew Johston
Genevieve Keller
K. Edward Lay
Judy Mickelson
Tom Raney
Judy Rasmussen
Justin Sarafin
Edwima St. Rose
Ross Stevens
Roulhac Toledano
Peggy Van Yahres

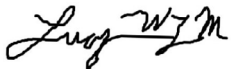
- 90% of pre-1950 housing is habitable and does not require massive investment for any needed renovations, meaning older housing is more affordable than new/luxury housing.[2] Relatively modest investments in weather-proofing an older home can provide a major impact on affordability and sustainability.
- Older housing is already providing housing to lower-income families in Charlottesville, many of whom do not receive any form of housing assistance. Care should be taken to protect that housing and keep families in their homes. A data-driven survey of existing housing stock and the role it already plays in providing affordable housing could help focus planning efforts. City assistance programs to encourage rehabilitation are a great way to keep low-income families from being displaced.

- Integrity of material matters. Older buildings are made of higher-quality materials than new and these materials, often created locally, tell a story about our community. Safeguarding older structures honors the stories and lives of the unnamed people whose labor created them. Place-making matters.

In putting together a comprehensive city plan, the goals of equity and affordable housing are inextricably linked to other goals for a healthy, equitable community: providing strong education for all, care for our environment, transportation, public health and safety, and jobs that provide a living wage. All these goals rely on good design: good design of the comprehensive plan, and good design in our city. One cannot build old housing, so an essential strategy has to be, "how do we keep what we already have?"

Thank you for your consideration. Please don't hesitate to reach out to Preservation Piedmont to discuss any of these matters.

Sincerely,



Lucy Midelfort
Preservation Piedmont

2 OPPORTUNITY AT RISK San Antonio's Older Affordable Housing.

preservationpiedmont
PO Box 2803 Charlottesville, VA 22902 preservationpiedmont@gmail.com preservation-piedmont.org

November 23, 2020

2020 BOARD OF DIRECTORS
Liz Russell (President)
Madeleine Hawks (VP)
Maria Chapel (Treasurer)
Emma Earnst (Secretary)
Bill Adams
Jim Boyd
Ed Brooks
Rebecca Deeds
Alex Ix
Jo Lawson
Lucy Midelfort
Melanie Miller
Mark Rylander
Mary Joy Scala
Kay Slaughter
Richard Guy Wilson

2020 BOARD OF ADVISORS
Richard Crozier
Helena Devereux
Bill Emory
Margaret Maliszewski Fritz
Jean Hiatt
Andrew Johston
Genevieve Keller
K. Edward Lay
Judy Mickelson
Tom Raney
Judy Rasmussen
Justin Sarafin
Edwima St. Rose
Ross Stevens
Roulhac Toledano
Peggy Van Yahres

Dear Cville Plans Together, Planning Commission, and City Council:

Preservation Piedmont is a non-profit, grassroots organization established in 1993, dedicated to preservation public awareness and advocacy, serving the City of Charlottesville, the County of Albemarle, and adjacent localities. Preservation Piedmont continues to follow the Cville Plans Together comprehensive planning process and would like to offer comment on Comprehensive Plan Updates and the Affordable Housing Plan, as drafted.

We believe that the **Land Use, Urban Form and Historic Preservation** portion of the Comprehensive Plan has an excellent set of goals – including elimination of racial and economic inequities and increasing livability of the neighborhoods through methods such as infill development that will enhance community vitality. The section recognizes the importance of urban development and historic preservation to the character of the community and calls for broadening a range of recognized histories and narratives and including a diversity of people.

We believe this section should recognize not only the districts that have received recognition from the State Department of Historic Resources but also those that are eligible to be recognized as State or Federal Districts of historic significance.

Building rehabilitation is in keeping with the **Environment, Health & Energy** section of the Comprehensive Plan, which seeks to create a healthy community with clean air, water, land and food security. We would hope that many of the older homes would be rehabbed consistent with the goals of being energy efficient so that persons seeking to live in affordable housing are not forced to pay high utility bills.

The **Affordable Housing Plan** focuses on affordable high quality and equitable affordable housing – including rental and homeowner opportunities – but falls short in emphasizing the role that existing housing plays in the conversation around affordability. Given that existing housing – as opposed to new housing – is less expensive to create, Charlottesville should also seek to preserve, rehabilitate, and perhaps repurpose this housing for re-use. In that way, Charlottesville can preserve the character of a neighborhood as well as the actual buildings.

There are elements of the Affordable Housing Plan, particularly the Land Use recommendations, that could result in detrimental and irreversible loss of historic housing stock in our community, without guaranteeing any increase in affordability. Some of the houses at risk are likely already serving an affordable housing role.

Page 67 of the Affordable Housing Plan Draft states that “land use changes… have limited ability to impact housing accessibility for the lowest income residents” and “land use tools… may create unintended development pressures.” On November 17, RHI consultants projected that specific land use tools such as Accessory Dwellings Units (ADUs) could result in as few as 12 affordable units per year, while inclusionary zoning could lead to 30 affordable units yearly. Without an affordability requirement tied to proposed land use and zoning changes, the outcome will likely be demolition of existing buildings and construction of market-rate units aimed at students or those meeting AMI -- not affordable units. The low number of projected affordable units for these land use changes seem to have poor ROI, with high risk to our neighborhoods. To put it simply, what would stop demolition of buildings to increase density with more expensive units? Unless a building is in an ADC district, it could be on

preservationpiedmont
PO Box 2803 Charlottesville, VA 22902 preservationpiedmont@gmail.com preservation-piedmont.org

2020 BOARD OF DIRECTORS
Liz Russell (President)
Madeleine Hawks (VP)
Maria Chapel (Treasurer)
Emma Earnst (Secretary)
Bill Adams
Jim Boyd
Ed Brooks
Rebecca Deeds
Alex Ix
Jo Lawson
Lucy Midelfort
Melanie Miller
Mark Rylander
Mary Joy Scala
Kay Slaughter
Richard Guy Wilson

2020 BOARD OF ADVISORS
Richard Crozier
Helena Devereux
Bill Emory
Margaret Maliszewski Fritz
Jean Hiatt
Andrew Johston
Genevieve Keller
K. Edward Lay
Judy Mickelson
Tom Raney
Judy Rasmussen
Justin Sarafin
Edwima St. Rose
Ross Stevens
Roulhac Toledano
Peggy Van Yahres

the chopping block and we could lose an affordable unit for an upscale one. This loophole threatens historic neighborhoods like 10th and Page, Fifeville, Belmont, Woolen Mills, and Rose HIll, where naturally occuring affordability still exists.

Additionally, page 71 of the Affordable Housing Plan Draft reads “allowing new development types in single family neighborhoods will not threaten existing single family neighborhood form or character, but rather will create new opportunities for infill and redevelopment.” We find issue with this sentence because, while infill can be an appropriate strategy in neighborhoods, without provisions to prevent demolition of existing buildings, the neighborhood is in fact threatened.

Indiscriminate increases in height are not always desirable or beneficial. The Booker Street infill is an example of increased height in a traditionally low-income neighborhood that area residents have vehemently opposed, and the building remains unfinished and vacant. Including other innovations such as making all existing buildings, structures, and lots conform in terms of setback and footprint, while encouraging rehabilitation instead of only new construction might make better and more sustainable use of existing housing stock. Land use changes require design guidance, especially in our low-rise 1950-1960s neighborhoods where one-story residences predominate. We encourage place-based planning that identifies specific places in the city where infill construction, new height and more density can be accomplished without displacement, environmental degradation, loss of historic buildings, and in areas that are in close proximity to parks, trails, schools, and employment centers.

Our organization is worried that unintended consequences may result from land use recommendations that have not been adequately studied or addressed. We are not a large city like Minneapolis, frequently touted for its progressive housing policies, and we may not have the ability to administer multiple housing strategies. We recommend that the consultants study what strategies in the plan will result in the most potential for affordability. The City could then assess the various strategies based on their potential for success and prioritize efforts. Instead of a “kitchen sink” approach, we could have a more targeted set of plans for a city of our size and staffing capabilities. The housing consultants have stated that Charlottesville already has most housing tools in place, and that these tools are unusual in a small city such as Charlottesville. Could this indicate that there should be more emphasis placed on better coordination and use of these tools and in matching them to the resources and capacity of our community?

On June 16, 2020, Preservation Piedmont submitted a letter to the Steering Committee with recommendations to significantly increase the availability of affordable housing while preserving historic communities and maximizing the use of older housing. That letter is enclosed and offers additional recommendations and supporting data.

Thank you for your consideration. Please don’t hesitate to reach out to Preservation Piedmont to discuss any of these matters.

Sincerely,

Lucy Midelfort
Preservation Piedmont

The Charlottesville Low-Income Housing Coalition (CLIHC) applauds HR&A and RHI for their draft Affordable Housing Strategy. CLIHC writes to emphasize the importance of elements of the plan and to encourage further action on certain initiatives.

CLIHC generally supports the consultants' approach in the Affordable Housing Strategy, and strongly endorses the following elements:

- Increasing by-right density in historically whites-only neighborhoods for projects which include affordable housing;
- Including historically underrepresented people in decision-making;
- Prioritizing on-boarding for community members and appropriate administrative allocations to ensure meaningful participation;
- Establishing a Regional Housing Trust fund;
- Funding targeted towards non-profits who listen to community members, including a "community representation standard" for nonprofits;
- Targeting funding towards extremely low-income households;
- Transparency and accountability in spending;
- Funding for legal services/right to counsel;
- Programs which will promote equity and diversity and
- Accountability for City staff to further equity goals.

<u>There are several areas we urge you to strengthen or add</u>:

- We commend the commitment of $10M per year for ten years; however, it does not go far enough. We ask the Strategy to urge a City commitment toward affordable housing of at least $12-15M per year.
    - The City already invests $8M annually, on average, and the report recommends investing 10% in expanding infrastructure for new and current affordable housing programs. An additional $1M/year will not go far in addressing the widespread needs of Charlottesville's residents.
    - More information is needed about the expected racial equity impacts in each income bracket. Black residents are more likely to be earning under 60% of the AMI than white residents.
    - Prioritizing affordable housing interventions for people making over 50% of the Area Median Income (AMI) is not an effective use of city funds. Affordable housing is most urgently needed for people earning below 30% AMI and the Strategy should focus on people who are extremely or very low-income (under 50% AMI).
- Establishing funds and specific policies to provide a flexible "strike fund" to purchase buildings or land will help prevent mass displacement when opportunities for preservation or land acquisition for deeply affordable housing.
- Deeper assistance is needed for the rent and tax relief programs in order to make a more significant impact on slowing displacement. Current levels of relief are unlikely to make a substantial enough difference to people being priced out of Charlottesville.
- Holistic approaches to affordability should include transportation, and economic mobility tools.

    - Specifically, the city could adopt a Section 3 styled program that prioritizes contracts that commit to hiring low-income Charlottesville residents.
    - Public transportation should prioritize serving neighborhoods with significant affordable housing for extremely low-income people (below 30% AMI).
- The proposal for increased density should aim to target/incentivize affordable housing rather than just encouraging blanket by-right density. One exception might be the Jefferson Park Avenue (JPA) corridor. Increasing density in this area, which is primarily student housing, could reduce pressure on nearby Fifeville and 10th and Page neighborhoods.
    - Increased by-right density without affordability requirements will only create more luxury housing; this must not be incentivized.
- The plan should significantly rework and strengthen sections on homeownership. There will not be racial equity in Charlottesville until we aggressively address the racial wealth gap. Displacement of homeowners must stop, and low-income buyers must have opportunities to purchase. Specifically, down payment assistance should come as a grant for deeply low-income families and as a forgivable loan for low income families.
    - Additionally, the City should better support and prioritize a range of existing tools that can help low-income (below 50% AMI) and very low income (below 30% AMI) Charlottesville families become homeowners:
        - Section 8 homeownership
        - Resident Self-Sufficiency Programs
        - Self-Help Homeownership Opportunity Programs
        - Neighborhood Stabilization Programs
        - Individual Development Accounts
    - In each CIP, there should be a significant set aside for homeownership in the Charlottesville Affordable Housing Fund.
- City governing documents should be changed to reflect racial equity and prioritize deeply affordable housing.
- The Affordable Housing Strategy should recognize what several City studies have made clear: City staff is not aligned with the housing aspirations of the populous. Expanding access to affordable housing for very low-income people should be a primary job performance metric for each Senior Leader within City government.
- The City should regularly (quarterly or bi-annually) collect data on displacement of households of color from the city and other relevant neighborhood-level information to better measure affordable housing needs and ensure interventions are making positive impacts. This data should be shared at City Council meetings.
- The City's relationship with UVA should prioritize the university's contributions to low-income affordable housing. A payment in lieu of taxes (PILOT) or construction of several hundred units of housing affordable for people earning 50% of the AMI or less are two opportunities to pursue in early 2021.
- Inclusionary Zoning language should emphasize the people it is meant to serve: low-income communities.

- While we understand that financial realities are part of the conversation, the financial interest of developers cannot be at the forefront of how an inclusionary ordinance is crafted.
- The city's goals for inclusionary zoning should not be solely more units. Incentives must take into account displacement, the costs of increased density on low-income and communities of color, and quality of life for people of color when creating an ordinance.

Members of CLIHC stand ready to work further to craft an effective strategy, and deeply appreciate City Councilors' commitment to addressing the 3,300 unmet needs documented in your Affordable Housing Needs Assessment. The pandemic has worsened the housing situation for thousands of lower-income people in the Charlottesville area, and we applaud your timely action.

Sincerely,

The Charlottesville Low-Income Housing Coalition

cc: John Blair, Acting City Manager
Charlottesville City Councilors
Charlottesville Planning Commissioners

CHARLOTTESVILLE AFFORDABLE HOUSING PLAN

February 2021 FINAL DRAFT

HR&A Analyze. Advise. Act.